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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2079



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BRITAIN'S TRADE RELATIONS WITH BALKAN COUNTRIES SURVEYED

Sofia MEZHDUNARODNI OTNOSHENIYA in Bulgarian No 4, 1980 pp 107-113

[Article by Mariya Lazarova: "Foreign Trade Relations Between Great Britain and the Balkan Countries in the 1970s"]

[Text] Great Britain is one of the major developed capitalist countries currently pursuing an overall active Balkan policy. Its foreign policy, however, is differentiated in accordance with the social system of the individual Balkan countries. In this sense it is considerably more active with the capitalist countries in this area and less so with the socialist states.

The significant economic British presence in the Balkans before World War II was a characteristic feature of British policy. Here, to a certain extent, it enjoyed a hegemony. In the postwar period the positions of some imperialist countries in this part of the world weakened. This was particularly the case of England.

British economic policy in the Balkans reflects the considerable changes which occurred in the position of Great Britain international relations after World War II and, particularly, the lowering of its role among imperialist countries. Unquestionably, this directly affected British economic and political interests in the Balkan Peninsula. The changes in the ratio of forces among imperialist countries in favor of the United States and others was a major factor which determined the subordinate nature of British foreign policy. Let us note among the factors which determine the British position in the current imperialist structure and of British foreign policy the domestic economic and foreign political and international factors. In the 1970s the economic development of Great Britain continued to be characterized by low growth rates, high unemployment, inflation, and so on; a slow reconstruction of its economic structure as a whole on a modern ethnical basis, a relatively lesser competitiveness of British goods on the international market, compared with other advanced imperialist countries, and so on. The most interesting among the domestic political factors which influenced foreign policy were, above all, changes in the ratio of the country's class and political forces. The joining of the EEC by Great Britain was a factor which decisively affected its new policy.

The adoption of a relatively more realistic approach in relations with the socialist countries is a feature of British policy in general, including its foreign economic policy in the Balkans in the 1970s. The initiated conversion from cold war to detente in relations among countries with different social

systems and of broadening cooperation among them were a new element in British strategy in the 1970s. Britain's irreconcilable opposition to the socialist countries lasted for many years, when monopoly circles were relying on the vestiges of imperialist policy and the cold war. Meanwhile, acknowledging objective reality, a number of capitalist countries undertook to improve relations with the socialist countries. Compared with other Western European capitalist countries, England took the task of detente, of lowering international tension, and of gradually asserting the principles of peaceful coexistence in relations among countries with different social systems with a considerable delay. The successful Conference On Security and Cooperation in Europe, whose Final Act was signed by Great Britain as well, had an unquestionably positive influence on this process.

As a whole, in the 1970s a positive development occurred in relations between Great Britain and the socialist countries. British business circles became ever more interested in developing economic cooperation, particularly as the economic difficulties of the country increased. As the London TIMES wrote in its 4 May 1975 issue, "Trade between East and West is one of the most tempestuously developing areas of international trade. By virtue of a number of reasons, some of them political, Great Britain failed properly to participate in this process. Under circumstances in which the country's trading with many of its traditional partners is steadily declining as the result of the economic decline in the Western world, giving priority to increased exports to eastern European countries should be considered more attractive than in normal times."

The specific nature of British economic and political development has left its mark on Britain's relations with the Balkan countries as well.

Even though the Balkans played an important role in British foreign policy between the wars (as was the case with France and Germany and, after the war, with American imperialism which assumed a dominating position in the Balkan capitalist countries), Britain was left behind. Toward the end of the 1960s and, particularly, the beginning of the 1970s, British policy was focused mainly on the solution of regional Western European problems related to EEC membership. Let us note as new aspects of this attitude the rapprochement between British interests and the interests of the other members of the community in the Balkan area and the desire to regain, to a certain extent, its former influence and role in this part of Europe through the EEC. To this effect it relied both on its political influence, which it still enjoys in the Balkan capitalist countries, as well as on its economic relations with them.

Military-strategic considerations play a primary role in the shaping of British Balkan policy. The British military bases in Cyprus are an advanced NATO post in the eastern Mediterranean.

British economic interests in the Balkans directly follow political considerations. Economic positions do not play a dominating role in British foreign policy in this area. This is explained by the insignificant role which the Balkan countries play in British foreign trade and small capital investments. Thus, in the 1970s, the Balkan countries accounted for less than two percent of British foreign trade.

The individual Balkan countries, however, ascribe greater importance of their economic ties with Britain. During that period Britain held a leading position in the foreign trade of Cyprus. It played an important role in Greek trade (fourth-fifth), in Turkish trade (sixth) and in Yugoslav trade (sixth-seventh). Britain was an important trade partner of Romania and Bulgaria (seventh), while its share of Albania's foreign trade was insignificant.

British trade with the Balkan countries rose and continued to rise in the 1970s. Thus, in 1977 British trade with the Balkan countries totaled 1,131,000,000 pounds sterling compared with 206 million in 1967. A characteristic feature of its foreign trade is that exports exceeded imports, ranging from 29 million pounds sterling in 1967 to 457 million pounds sterling in 1977. In that year the value of exports was more than double that of imports.

The joining of the EEC by Greece as a full member and of Turkey as an associate member, the agreements concluded between the Common Market and Cyprus and Yugoslavia, and so on, are factors which will strengthen British economic relations with these countries.

The condition of British economic relations with the Balkan socialist countries is largely determined by the level of political relations among countries and, in particular, by the differentiated approach adopted by the British government.

The British policy on the Balkans may be assessed, above all, through the condition and development of economic relations between Great Britain and the individual Balkan countries. The British pay emphatic attention to Greece and Turkey, the capitalist countries on the Balkans.

Greece is the largest British economic partner in the Balkans. It accounts for over one-quarter of British trade with Balkan countries. Foreign trade between Britain and Greece has been rising annually. Compared with 1970, it had quadrupled by 1977 whereas compared with 1967 it had risen by approximately a factor of 7. Let us stress the chronic deficit of Greek foreign trade with Britain. Furthermore, Greek exports to the British market are of a limited variety. The setting up of mixed enterprises in Greek underdeveloped areas has been a typical feature. The joint exploitation of Greek natural resources, involving the participation of British companies, has also been used.

Let us point out among the projects carried out by British firms on Greek territory the building of a sugar refinery, an airport, and a subway. Another interesting form of joint cooperation is the building and installation of a nuclear electric power plant partially paid for with Greek tobacco.³

Some of the latest projects for economic cooperation between the two countries include the signing of a long-term contract for the delivery of British coal to Greece, the building of an electric power plant using coal (by the GEC Ltd. Company. With the help of the British Electricity International Company),⁴ and the modernizing of the Greek railroad network and the port of Piraeus. Furthermore, the November 1979 protocol (memorandum) stipulates the future possibility of supplying British North Sea petroleum to Greece (by the British National Oil Corporation).

Greece remains a market for the export of British capital. British monopolies occupy important positions in the Greek economy, in its processing and extracting industries, and so on. Compared with American capital investments, however, the participation of British capital in foreign investments is insignificant, totaling two percent. British companies are developing production, trading and other activities involving construction equipment, ore extraction, services, and others.

Another form of penetration into the Greek economy⁵ is that of exports of state capital--the granting of British government loans.

Turkey holds the second place in British economic interests in the Balkans. Trade between the two countries has been rising at a fast pace. Thus, between 1967 and 1977 British exports rose by a factor of 6-7, while imports from Turkey roughly quadrupled. Despite a considerable increase in the volume of Turkish exports to the British market, Turkish imports from Britain exceed exports by a factor of 3-4.

The active participation of foreign private capital investments in Turkey through credits and direct investments is being used by British industrial and trade monopolies even though they are considerably weaker compared with investments by American, West German, and other companies. Most foreign capital investments in the Turkish economy are in industry, services, ore mining, and others. In the 1960s dozens of British industrial monopolies had sister-companies and branches in the Turkish oil trade, the chemical, electrical engineering, textile, rubber, and food industries, in mining, and others.⁶ The sectors preferred by British capital--oil extraction and processing, construction and light industries, and so on--remained unchanged in 1970s.

The establishment of mixed enterprises, particularly in the processing industry, is becoming ever more widespread in the Turkish economy.

Favorable prospects exist for economic cooperation between the two countries. Turkey's EEC associate membership will further contribute to such possibilities.

In our study of economic relations between Great Britain and the Balkan socialist countries let us note the rather low volume of trade. Postwar trade declined drastically. The result of the British cold war and discrimination policy pursued in the 1950s and 1960s and the erection of artificial barriers in trading with the socialist countries have not been entirely eliminated. In practice, the British government frequently hindered the development of realistic and constructive trends on the European continent. It blocked detente and used all possible means to worsen relations between East and West. All in all, this is a characteristic trend of British policy toward the Balkan socialist countries. The contradictory British policy toward the socialist countries showed a positive development in the 1970s, characterized by the expansion of economic cooperation which included the Balkan socialist countries as well. Unquestionably, this has been encouraged by the intensification of interimperialist contradictions, the 1974-1975 economic crisis experienced by the capitalist economy, the energy and raw material crisis, and others. Bilateral contacts between governmental and political leaders were intensified. Trade, scientific and technical, and other

relations were expanded. These and some other factors have contributed to the more energetic development of economic relations between Britain and the socialist countries.

Yugoslavia, a traditional British partner, plays an important role in British economic relations in the Balkans. A long-term trade agreement offers favorable grounds for the development of bilateral economic relations. Furthermore, Yugoslav exports to Britain enjoy certain facilities: most of the have been liberalized. And, as a member of the "group of 77 developing countries," Yugoslavia is granted preferential UNCTAD treatment. Compared with 1970, the 1977 trade between the two countries tripled. This was, above all, the result of British exports to Yugoslavia which exceeded imports from that country by a factor of 3-4. One of the ways with which the growing deficit in Yugoslav trade balance is compensated (134.5 million pounds sterling in 1977) is the granting of British short-term and medium-term loans. Britain actively applies this important instrument in its competitive struggle on the international markets, including medium-term and long-term financing of exports led by investment commodities. The structure of Yugoslav-British trade is broadening. Industrial cooperation between the two countries is developing further and further. The granting of British investment credits for financing the building of a number of projects such as metallurgical plant, chemical enterprises, machine building and textile plants, and so on, is also contributing to the implementation of various types of cooperation. Based on several dozen licenses purchased from Great Britain, Yugoslavia has mastered the production of tractors and combines (with the Massey-Ferguson Company), Perkins motors, and transport vehicles (the Leyland Company). Furthermore, it is producing, on the basis of industrial cooperation, vacuum cleaners, household equipment (with the Crane and Hoover, Ltd. Company), construction materials, television sets, general purpose lathes, diesel electric motors, central heating systems, cigarettes (British American Tobacco Company), and others. Cooperation with British firms is expanding also through their investments in mixed enterprises on Yugoslav territory. They include the Dunlop Company producing high-pressure pipes, Laport Industries, producing chemicals and Story Brothers, engaged in the production of construction lining materials and carpeting. The British Imperial Chemical Industries has a 40 percent participation in the building of a polyurethane plant in Yugoslavia. Compared with the capital investments of other countries such as the FRG, Italy, and others, however, the share of British capital in overall foreign capital investments is quite modest.

Considerable possibilities exist to broaden Yugoslav-British economic relations. This includes new forms of economic cooperation. According to Yugoslavia, the other Western European partners are considerably more active, particularly in the area of industrial cooperation.

In recent years economic relations between Britain and Romania have been expanding further and further. Compared with 1970 their 1977 trade had expanded by a factor of 2.5.

Along with traditional trade new forms of economic cooperation are being applied ever more extensively. Favorable conditions were created with the 10-year industrial and technical cooperation agreement (of 1975), the agreement on avoiding

double taxation, the 1976 agreement on encouraging and reciprocally guaranteeing capital investments, and others.

A number of industrial cooperation contracts have been signed between British firms and Romanian organizations covering metallurgy, the licensed production of gearboxes and tractors for dynamos, the production of diesel electric locomotives, specialization involving the Perkins Company, joint production of coke in Great Britain, and so on.

Romania considers very important the establishment of mixed enterprises on its territory involving the participation of capitalist companies (not to exceed 49 percent). The Romavia Aircraft Manufacturing Enterprise was built with British capital participation. With a license granted by the British Aircraft Corey Company and with the participation of Romania the production of light transport airplanes was undertaken for the Tarom Romanian Airline Company. In 1976 a cooperation agreement was signed for the production of jet airplanes for the Romanian civil aviation. A contract was also signed with the British Airspace and Rolls-Royce companies for cooperation in the manufacturing of BAK airplanes and airplane engines. The setting up of mixed enterprises is considered economically justified in machine building, the production of equipment for nuclear electric power plants, and others.

Possibilities are under study for the production of equipment for nuclear electric power plants and laboratories, heavy metal-cutting machines and equipment for them, and special electrical, petroleum, and chemical industry equipment.

Cooperation has been organized in the mining industry, agriculture, and petroleum expansion, to be extended to third, mainly developing, countries.

Both sides consider that extensive opportunities exist for further development of reciprocal economic cooperation and have expressed their readiness to broaden them.

Bulgaria holds a modest position in current British foreign policy. Britain's policy takes the socioeconomic system of our country into consideration. Such a restrained policy reflects its nature, class foundations, interests and objectives.

The aggressive foreign policy pursued by Bulgaria for the materialization of detente is contributing to the assertion of the principles of peaceful coexistence and the practical implementation of economic cooperation among countries with different socioeconomic systems.

Bulgarian policy toward the capitalist countries and the factors which will shape it in the future are its active peace-loving position. Bulgaria's foreign policy in the Balkans has been, and remains, directed toward strengthening trust, understanding and mutually profitable cooperation. As Comrade T. Zhivkov has said, "Our Bulgarian aspiration is for the Balkan Peninsula to become an area of lasting peace and stability so that we may live in an atmosphere of trust, mutual respect, and close friendship with all our neighbors."¹⁰

Particularly since the mid-1970s the British ruling circles have been forced into a substantial review of the entire set of economic, political, and other relations. This led to the creation of some favorable prerequisites for the expansion of economic, scientific and technical and other relations. Under the conditions of a successful development of detente this would mean a broadening of British economic interests concerning our country. The British business circles are trying to develop relations bearing in mind also the traditional economic relations existing between the two countries. Furthermore, like the other imperialist countries, Britain is seeking means leading to the adoption of advantageous positions in its economic cooperation with the socialist countries. In this respect the pressure of British business circles who are trying to develop East-West relations plays a certain role.

Foreign trade between Britain and Bulgaria has been increasing, particularly since 1970. The long-term trade agreement concluded in 1970 provided a favorable contractual-trading base for relations between the two countries. Britain accounts for four percent of Bulgaria's foreign trade with developed capitalist countries. It is sixth in imports and seventh in exports (1977). The considerable deficit in our trade balance is a major problem in our bilateral relations. The negative balance of trade was reduced from 49.5 million leva in 1975 to 19 million leva in 1978. However, this has been mainly the result of our reduced imports from Great Britain.

Bulgarian-British Trade in 1977-1978 (million leva)

	1967	1970	1970 [sic]	1978
Exports	25.8	24.8	28.4	24.4
Imports	23.3	43.9	60.5	43.3
Trade	49.1	68.7	88.9	67.7

Source: "Vunshna Turgoviya na NRB" [Foreign Trade of the Bulgarian People's Republic]. Statistical Data. Sofia, 1979, 1971, 1968.

The insignificant increase of Bulgarian exports to Britain during some years and its lack of progress in recent years is due, to a certain extent, to the difficulties encountered on the British market, such as quantitative restrictions, antidumping customs fees, and others, as well as to the consequences of the 1974-1975 British economic crisis.

The spreading of new forms of protectionism such as the imposition of additional restrictions or the resumption of older ones face the Bulgarian exports with considerable obstacles. They are applied together with restrictions encountered by Bulgarian exports to Great Britain as a result, above all, of its participation in the EEC--its foreign trade policy, customs policy, and aggravated competition on the markets of the members of the economic community, which puts exports by third countries, including Bulgaria, in a less favorable position. Additional difficulties are being created for Bulgaria as a result of the crisis of the capitalist monetary system, a crisis which has had a direct impact on the stability of the British pound.

The structure of the foreign trade between the two countries is varied. Some positive changes have taken place in the structure of Bulgarian exports to Britain. The negative trade balance is largely due to considerable imports of ferrous and nonferrous metals and chemicals, accounting from between 35 and 65 percent of the total. Machines and equipment imported by Bulgaria from Britain account for about one-third while projects and installations are imported for the construction, textile, metal processing, printing, chemical, and other industries.

Increasing Bulgarian exports with a view to achieving balanced bilateral trade is a necessary prerequisite for the further successful development of our foreign trade with Britain. This could be helped by increasing Bulgarian exports to the British market of mechanical and lifting machines and equipment, goods produced by the electrical engineering, chemical, and pharmaceutical industries, light industry goods, and others, for which favorable exports possibilities are apparent.

The ever more extensive industrial cooperation between Bulgarian economic organizations and British companies will play an important role in broadening economic cooperation between Bulgaria and Britain.

In 1974 the two countries concluded an agreement for the development of economic, industrial and scientific and technical cooperation. The 1975 long-term program for economic, industrial, and scientific and technical cooperation is of major importance to the further successful development of Bulgarian-British economic relations. These documents, which are a legal base for the development of industrial cooperation, pay particular attention to various sectors and possible reciprocal forms of cooperation such as participation in the building of new industrial capacities on the territory of either country, participation in the reconstruction and modernization of existing plants in either country, exchange of licenses and information in the areas of production, marketing and technological experience, joint production and participation in the building of complete projects in either country and in third countries, cooperation in marketing in third countries, and others.

A number of industrial cooperation contracts are being implemented between Bulgarian organizations and British companies. They include the production of the Carrycon container processing machine (with the (Readury) Owen Ltd. Company), the production of disk packets and building elements (the Intra Company), nonalcoholic beverages (the Cadbury Schweppes Company), cooperated production of Howdin engineering for ship systems, production and marketing of latex and production of plant protection preparations (the ICI Company).

The establishment of mixed enterprises on British territory could play a positive role in expanding the marketing of Bulgarian goods on the British market, essentially of machines and other industrial items.

Machine building, metallurgy, electrical engineering, electronics, chemicals, agriculture, and other industries, defined by the two countries in the documents they have signed, seem promising areas for the development of industrial cooperation between Bulgarian economic organizations and British companies.

Both countries ascribe proper importance to the conclusion of general agreements between Bulgarian economic organizations and big British companies. This would contribute to maintaining stable economic relations between the two countries. General agreements have been signed with the General Motors concern (1976), and with the companies Imperial Chemical Industries (ICI—1977) and Cadbury Schweppes.

The mixed commission for economic, industrial and technical cooperation and the sectorial work groups which were set up are playing a positive role in the development of bilateral relations.

Unquestionably, the organization of joint measures such as symposiums, seminars and so on, play a positive role in the development of Bulgarian-British economic relations. In 1975 Bulgarian economy days were sponsored in London by the Bulgarian Chamber of Commerce Industry and the London Chamber of Commerce. In 1976 a Bulgarian-British colloquium on planning problems was organized in Bulgaria.

The development of scientific and technical cooperation as well is a prerequisite for the intensification of bilateral relations. The agreement for cooperation in the field of applied sciences and technology was concluded in 1969. Furthermore, the long-term program for economic cooperation indicates in its appendix the likely areas for the development of scientific and technical cooperation until 1984.

The exchange of specialists in mathematical support of computers, medical radio engineering, environmental protection, industrial livestock breeding, biology, and so on is a basic form of scientific and technical cooperation to be developed in the future as well. The exchange of information is intensifying. Joint scientific projects have been undertaken by British and Bulgarian institutes and work groups have been set up in the respective fields.

It would be expedient to focus scientific and technical cooperation mainly on the use of British experience in the development of electronics, biology, chemistry, agriculture, and others.

According to the British press¹³ the fast pace of development of the Bulgarian economy and, particularly, of the new industrial sectors and the modernizing of agriculture are creating favorable opportunities for the further expansion of Bulgarian-British trade in the future. Particular importance is ascribed to the concluded agreements which are the basis on which British economic policy toward Bulgaria will be shaped in the future.

The study of economic relations between Bulgaria and Great Britain indicates their active nature. However, raising political relations between the two countries to a higher level would unquestionably contribute to the further development of economic cooperation.

As Comrade T. Zhivkov said at the April 1979 National Assembly session, "Bulgaria is making efforts to broaden its cooperation with Great Britain.... A useful instrument to this effect are the consultations between the ministries of foreign affairs on a number of problems of reciprocal interest."¹⁴

Together with political relations, the expansion of economic, scientific and technical and cultural cooperation are the most important features which characterized Anglo-Bulgarian relations in the second half of the 1970s.

British policy in the field of economic relations with Bulgaria and other socialist countries is largely based on the general policy pursued by the EEC.

In this light regulating relations between CEMA and the EEC becomes particularly important.

Bearing in mind the policy of the present British government, focused on unity of action with the United States and support of the Carter Doctrine and of the measures adopted by the American government against the USSR, it is predictable that the current level of political relations will be retained. There are reasons to expect that economic cooperation in some areas, influenced, above all, by political factors, will be maintained at its present level. The adoption on the British side of measures limiting the access of some goods to the British market would not be excluded.

Bulgaria should continue to play the active role in the further development of our relations with Great Britain. In the future Britain will continue to play an important part in the foreign economic relations between Bulgaria and the developing capitalist countries. The gaining of more favorable trade-political conditions would play a substantial part in the further development of our economic relations with Great Britain.

In the future as well economic cooperation appears the main direction in relations between Bulgaria and Great Britain. This benefits both countries. Bilateral economic relations could contribute to the successful broadening of cooperation in other areas of mutual interest.

Economic cooperation is a major direction in relations between Britain and the Balkan countries. The economic situation of a country is of particular importance in defining the future British policy toward the Balkan states. Crisis phenomena in economics and finances are continuing to parallel the development of Great Britain. Instability and uncertainty are the most general features characterizing the economic development of Great Britain and of capitalism in general at the beginning of the 1980s. The crisis development of the British economy is exerting, as a whole, a restraining influence on its economic relations, including relations with the Balkan countries. At the same time, however, in an effort to dampen some crisis phenomena affecting the country's economy, attempts are being made to accelerate British exports. This includes the use of new forms of economic cooperation. Preserving the trend of development of economic cooperation among countries with different social systems on the basis of reciprocal benefits, under the conditions of detente, will play a positive role.

FOOTNOTES

1. For more details see Ye. S. Khesin, "Angliya v Ekonomike Sovremennogo Kapitalizma" [England in the Contemporary Capitalist Economy], Moscow, 1979.

2. FINANCIAL TIMES, 1 November 1972.
3. [Omitted]
4. BIKI, 6 December 1979, TRADE AND INDUSTRY, No 11, 1979.
5. The department which guarantees British export credits will insure a credit totaling 400 million pounds sterling to be opened to Greece for a 10-year period at a 7.25-7.75 percent interest.
6. Yu. Vintser, "Angliyskiye Kapitalovlosheniya za Granitsey" [British Capital Investments Abroad], Moscow, 1960, p 304.
7. The agreement for cooperation with the EEC, signed in February 1980 (the second such agreement) regulates problems of Yugoslav exports to member countries, including Great Britain.
8. Some unresolved problems of the repayment of Romanian debts to Britain after the war were the reason for a certain delay in the development of trade between the two countries until the beginning of the 1960s.
9. N. Feyt, "Vneshneekonomicheskiye Svyazi SRR" [Romanian Foreign Economic Relations], Moscow, 1979, p 127.
10. RABOTNICHESKO DELO, 22 August 1979, p 6.
11. A sharp decline in trade (after the war) was surmounted after the existing financial problems were resolved on the basis of the documents signed in 1955.
12. There are two mixed companies in Great Britain engaged in tourist and transportation activities.
13. See COMMERCE INTERNATIONAL, September 1977.
14. RABOTNICHESKO DELO, 28 April 1979, p 3.

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NEW TRENDS IN INTERNATIONAL TRADE EXAMINED

Budapest FIGYELO in Hungarian No 47, 19 Nov 80 pp 10-11

[Article by Bela Kadar: "New Trends in International Trade"]

[Text] Despite a period of buoyancy, a slowing down of the world economic rate of growth became perceptible between 1976 and 1979, although it would be wrong to overestimate its extent. In this period the gross domestic product of OECD countries on an average grew by 3.7 percent as compared to the 4.3 percent growth of the previous two decades. The rate of economic growth also declined in the CEMA countries, but on the other hand it was faster in the developing countries, (5.8 percent) as compared to long-term trends.

Among the driving forces of economic growth, a very important role was played by the deepening of international work distribution. The volume of world trade expanded on a yearly average by 6.3 percent. On a world average the unit growth of the GDP was accompanied in foreign trade by more than a 1.5 unit increase.

Structural Changes

Between 1976 and 1979 world trade at current prices increased by 64 percent. A large portion of this derived from increases, which developed in a very divergent manner by product groups. While between 1976 and 1979 the export price level rose by an average of 42 percent, oil prices in connection with the petroleum price explosion increased by 69 percent, industrial items by 43 percent, raw materials without taking oil into account on the other hand by 32 percent and foods by 31 percent. The development of price ratios in recent years does not support the assumption that the new development phase of the world economy essentially stems from the altered relation between man and nature and the upward evaluation of natural resources in the role of growth.

The 1979 year-end price level for industrial products was 228 percent higher than on an average in 1952-1956, 168 percent higher for light industry basic materials, and 176 percent higher for agrarian products. Thus not even over the long term can we speak of some kind of global shift in the price ratios between industrial products and natural resources. It is true that the energy sources represent an exception but in this product group the more than sixfold rise in the price level reflects not only economic processes but primarily the realization of power positions.

The movement in the price ratios affected the production structure of world trade.

Table: The Commodity Structure of World Trade (in percent)

	<u>1960</u>	<u>1970</u>	<u>1973</u>	<u>1976</u>	<u>1978</u>
Total Trade	100.0	100.0	100.0	100.0	100.0
Including:					
Raw Materials	16.7	10.6	10.1	7.8	7.3
Energy sources	9.9	11.2	11.0	20.3	17.5
Machinery	21.8	28.8	28.9	28.6	29.5
Other industrial products	27.1	29.0	27.8	24.5	26.8
Chemical items	5.8	7.0	7.1	6.9	7.4
Foods, beverages, tobacco	17.5	13.2	13.4	11.5	11.2

The above structural changes in world trade call attention to the following two phenomena. On one hand, by 1978 on the eve of the second oil price explosion, the former decisive weight of industrial-item trade had been substantially restored; the world trade ratio of energy sources increased at the cost of various raw materials and agrarian products. On the other hand, the dynamics of world production and world trade may permanently vary from each other. Not in every case is there a narrowing of the international market for the products that are lagging behind in production and for branches afflicted by the crisis. The demand for products of branches and sub-branches which have been forced out of the developed countries or are there becoming uneconomical is satisfied to an increasing degree by imports. There are also examples where the more viable enterprises of lagging branches acquire newer markets through accelerated development (for example the growth of textile and ready-made clothing exports of the United States and the FRG in the 1970's).

The Commodity Structure of East-West Relations

The main relational ratios of world trade had not shown any great shifts in the second half of the 1970's. Between 1976 and 1979 there was an increase in the world trade importance of countries belonging to the OECD (and to a lesser extent China). Despite the 1979 price increases, the ratio of the developing countries declined as compared to the 1974 peak. The share of the European CEMA countries in world trade also declined, which reflects primarily the dynamics of the below average interregional trade. Both in 1976 and 1979 the commodity exchange of developing countries and CEMA made up 1 percent of world trade. The dynamics of East-West trade was more modest than the world average, and its ratio in total trade declined from 2.7 percent to 2.3 percent.

The basic feature of the product structure in East-West trade was the relative immobility of the main structural ratios. In 1950, 1965, and 1978 the Western exports of CEMA countries consisted of about 40 percent energy sources and other raw materials and agrarian products, while at the same time the weight of industrial products remained at two-fifths. In the second half of the 1970's the ratio of machine products rose from 8.6 percent to 10.5 percent, and in effect there was no change in the ratio of metallurgical, chemical and other industrial products.

The initial results achieved in product change do not give cause for greater satisfaction. The positions occupied by the smaller CEMA countries in East-West trade depend on the successes of industrial exports, and so does the Soviet Union's over the long term. In the 1976-1978 period the CEMA countries expanded their exports in East-West trade by 32 percent in chemical products, 25 percent in machinery, and 46 percent in other industrial items. Nevertheless, their ratio declined in the past 2 years from 2.4 percent to 2.3 percent for chemical products on the OECD markets, from 1.5 percent to 1.4 percent on machinery markets, while other industrial products remained at 2.9 percent. Only energy sources rose in their market share from 6 percent to 6.6 percent.

At the same time, the machine imports of capitalist countries from developing countries increased from 5 billion dollars to 8.8 billion dollars, that is, by more than 76 percent, and in value it was three times more than OECD machine imports from CEMA countries.

The Real Cause of the Worsening in the Terms of Trade

East-West trade reflects the efforts of the CEMA countries of a slowing growth related thereto. The dimensions of the foreign economic imbalance which accumulated in the 1970's, the newer trends of the international credit markets, and requirements related to an improvement in the credit worthiness of the CEMA countries did not leave much opportunity for choice vis-a-vis the economic policy of emphasizing the reduction of the extent of the imbalance. But less comforting and indicating conceptual weakness and implementation disturbances or the slowness of the entire structural transformation process is the fact that the results attained in reducing the extent of the imbalance derived only in small part from the expansion of exports, structural transformation and a relative price increase.

Further erosion of the otherwise also low world trade importance of the CEMA countries could have an unfavorable effect on the international relations system in some politically delicate period.

The possibilities for using external resources are not independent of the world economic importance of certain countries. Particularly weighty from the viewpoint of the smaller CEMA countries which do not generally export essential products is the importance of the import market, for the partners' power of attraction is fostered particularly by this.

Despite the undoubted successes, the structural transformation of the export supplies of the CEMA countries is developing at a slower rate than the world average. The advance of the developing countries in industrial-item exports indicates on one hand the actual market possibilities which the CEMA countries are unable to exploit for development strategy, economic-diplomatic, guidance system, etc. causes. On the other hand it makes it clearer that the exports of the CEMA countries are competing in the present product structure not with the developed capitalist countries but with the developing countries which have chosen the road of export-oriented industrialization. The change in market competitors is in itself altering the conditions of marketing.

In East-West trade the worsening in the terms of trade of the small, industrial-item exporting CEMA countries cannot be exclusively brought in relation with the

consequences of the oil price explosion, and rather above all it reflects the reducing effect of the world-wide structural oversupply which characterizes buying markets for industrial products.

The growth and balance goals of the small CEMA countries in East-West relations cannot be divided even for the short term from structural political requirements. The maximizing of the effect which evokes a growth in international work distribution, an increase in the volume and profitability of exports urge on us the carrying out of more radical development concepts to assure the speeding up of structural transformation.

6691

CSO: 2500

SPECIALIZATION, EFFICIENCY IN INTERNATIONAL PRODUCTION DISCUSSED

Budapest FIGYELO in Hungarian No 47, 19 Nov 80 p 9

[Article: "Specialization and Efficiency: The Organizing Principles of Cooperation"]

[Text] The Economics Institute of the Hungarian Academy of Sciences and the Institute of Trade Cycles and Market Research held a national conference on 10-12 November on the subject "International Production and Specialization, Cooperation and the Competibility of the Hungarian Economy." In the previous issue of FIGYELO we reviewed talks that dealt with CEMA cooperation. In this issue we are summarizing the most important statements in the talks by Dr Jozsef Fay, Dr Janos Deak, and Dr Edit Javorka as well as the lessons of the three-day conference.

International production cooperation is at one and the same time an international and a domestic economic process. A mutual effect is also evident in that international cooperation cannot be developed alone if the producer organizations are not able to expand domestic cooperation. International production cooperation in Hungary, and in CEMA countries in general, was late in arriving on the agenda because to the mid-1960's the enterprise-type which strives for national self-sufficiency was the dominant factor in industrial organization; and a production and enterprise structure, fixed assets and manpower as established find it difficult thereafter to accept specialization and cooperation.

Retrogressive Forces

Retrogressive forces exist also in our day. The goal system of management, the preference scale for judging accomplishment, and planning and guidance are linked in a far-reaching way to the demand structure of final consumption, and the intermediate phases of production are forced to the peripheries of attention.

The spread of enterprises that are vertical and manufacture finished products has disadvantageous consequences from the viewpoint of international competitiveness. These consequences inevitably adjust the partial production processes to the serial magnitude of the final product, and thus the production phases which precede assembly remain far behind the serial magnitude which is remunerative with the use of modern technology. Consequently, in by far most partial processes it is possible to use the technologies appropriate to small serials. A

one-sided principle of orientation to final product manufacture and of enterprise organization is disadvantageous from the viewpoint of technical development.

A lag in the technical level is particularly unfavorable in that range of products where we participate in international work specialization. Realistically, we can only expect to realize technical development of a nonleading type, and most of the products we manufacture are already beyond the upward-climbing phase of the life curve when the decisive factor of its international competitiveness is in the newness of the production. Generally, Hungarian export products appear on foreign markets in the mass diffusion phase when competitiveness is determined primarily by high productivity, prime cost, reliable quality, readiness to deliver, and so forth. This phase is already in the looser sense the competition in the modernity of the background industrial capacities; and therefore it is of decisive importance what share of the total work process necessary for manufacturing the products we can perform with modern and highly productive procedures. For this very reason, ideas and solutions which improve the effectiveness of the production processes must unconditionally be given a place in the development concepts linked to the final products. International production cooperation has a great role in this, and could have still a greater one. A permanent, long-term solution to the external and internal balance problem and a satisfactory rate of economic growth are both the conditions for our guiding the entire reproduction process to a new course where the yardstick is international efficiency and proceeding on which the international competitiveness of the Hungarian economy can be increased.

Competitiveness in the Mirror of a Decade

An export-oriented economic policy can provide adjustment to world market requirements. Such an economic policy makes it possible to import more and more products by steadily increasing economic exports; and in this way the role of imports in replacing uneconomic production can also be expanded, and in the final analysis it also promotes selective production development.

Economic growth in the period between 1962-1978 was not characterized by an export-oriented development. The average annual growth in exports was 12 percent, and in imports it was higher. The lack of an export-oriented development was reflected by the share of certain branches in investments or the development of a balance in the export-import trade of certain branches. In the period under study, the chemical industry had a 12 percent share in the total investments of the economy, while the annual average of its exports increased by 10 percent and the annual average imports by 26 percent. After 1968, too, the development policy of the chemical industry was of an import substitution nature. This substitution concentrated in general on chemical products of lower value, while we had to go on importing chemical products of higher value. About 75 percent of the deficits in nonruble terms of trade came in trade in chemical products.

The machine industry had about a 10 percent share in investments. In nonruble trade the deficit increased to a great degree between 1968 and 1978. Its share in light industry investment was about 8 percent. In both trade relations its exports exceeded those of the chemical industry, by about 1.5 billion dollars in 10 years of nonruble trade. Metallurgy, which shared in 6 percent of investments, has modified its export-import balance favorably in the past 10 years. The change in the product

structure was not favorable in either major trade relation; in ruble trade it was modified to the extent that the ratio of basic materials and semifinished products increased to a lesser degree, while it was reduced in imports. In nonruble exports the share of processing industry products--in the machine and light industries--declined while the share of basic materials and semifinished products rose. The commodity structure of nonruble trade also indicates that the level of participation in international work specialization is low.

It Is Not Enough To Produce

The necessity of improving the balance under steadily deteriorating world market circumstances calls for export expansion by the Hungarian economy. The volume of imports by the OECD countries grew on an annual average of 9 percent between 1960 and 1970; in 1979 the increase was only 6 percent and this year it is expected to be 1.5 percent. According to forecasts, the volume increase in world imports in the beginning of the 1980's will not exceed an annual 2-3 percent. In such a situation, export expansion can be realized only at the cost of other suppliers and exporters. In preparing development decisions, it is still not taken into account that Hungarian export products will face sharper and stronger competition than before. Problems of a similar nature--the slower expansion of trade in industrial finished products--are also perceptible in the framework of CEMA integration. These not only make the conditions more strict for trade among one another but also influence the possibilities of their appearing on other markets.

In development with an export goal, it is no longer enough to study to what extent the technical-economic parameters of new products or expanded production approach those of the competitors but also on what kind of markets and with what kind of market means export expansion can be realized. In general, the Hungarian enterprises are in a disadvantageous position even when the applied technology and the technical level of the products is not worse than those of the foreign competitors. It is important to reveal those sources of loss which worsen the competitive situation of Hungarian enterprises.

Under the leadership of the OMFB [National Technical Development Committee] the selected Hungarian enterprises of several industrial branches--alumina production, aluminum metallurgy, the cotton industry, the manufacture of electronic medical equipment--and several FRG enterprises of a similar kind have carried out comparative studies. The technical-economic comparison and analysis has again shown that even when given the same technical level our competitive situation is at a disadvantage in some cases. The main causes are the following: in Hungarian enterprises the number of indirect producers is higher, and the technological and work discipline is lower, we are weaker in delivery readiness and discipline, and our market organization is not adequate. Other losses stem also from discrimination. It also became evident from the comparison that the disadvantage of the Hungarian enterprises in the basic materials industries is related to greater expenditures, and in the processing industries on the other hand largely with a weaker market readiness--constantly reliable quality, delivery discipline, market organization, and so forth.

Modernization and Adjustment

The conference not only studied international specialization, cooperation, and production collaboration as a process and phenomenon, but it also analyzed the domestic

and foreign market relationships. Among other things, it studied the mutual effects realized between international production, cooperation and national economic efficiency, between technical development, research collaboration and foreign marketing. The conference also took positions on several economic political questions. It emphasized the view that specialization and cooperation cannot be removed from the system of international economic cooperation and replaced for that purpose by some other kind of mechanism and price principle. The question also was raised whether in specialization and cooperation we must strive for the requirement of national economic or community efficiency. In certain areas of cooperation community efficiency can undoubtedly be taken into account, and the results of community efficiency shared. On the other hand, the policy of structural development of the national economies is above all the magnetic needle of national economic efficiency. Specialization and cooperation tasks in which the requirement of national economic efficiency is not realized cannot function permanently.

The conference dealt in detail with the present mechanism of CEMA cooperation. The participants regard it as purposeful and necessary that we should continue to promote the development of the mechanism of cooperation, but we must realistically reckon with the fact that in the near future the internal mechanisms of the cooperating countries will not vary significantly, nor can the problems stemming therefrom be bridged in the community mechanism. Under such circumstances and amid emphasis on and promotion of the development of the community mechanism, we must at the same time adjust to realities.

6691

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MOUNTING ECONOMIC CRIMES CAUSE SERIOUS CONCERN

Statement by Head of State Control

Sofia ANTENI in Bulgarian 5 Nov 80 pp 1, 4-5

[Text] Statement by Krustyu Trichkov, BCP Central Committee Politburo candidate member, deputy chairman of the Council of Ministers and chairman of the Committee for State and People's Control:

The problem of the protection and utilization of public property and of the material and technical base is exceptionally important. That is why it has always stood in the foreground of party and state activities.

The purpose of the application of the economic approach and new economic mechanism is to create even better conditions for the preservation and utilization of public property and of the material and technical base.

As we have frequently emphasized, public property is the basis of the socialist society. That is why, from the very first days of the Great October Socialist Revolution, the Soviet state and Lenin took effective measures to insure its protection. It was realized as of then that it is the basis of the socialist system. The October Revolution considered any harm done to confiscated property, now belonging to the entire people, a most severe crime. These basic stipulations were juridically codified in the 1936 Constitution and the new 1979 Soviet Constitution.

In Bulgaria as well, where socialism prevailed once and for all, public ownership of productive capital is the economic foundation of the new social system. It is the main support of the state and society and the most important source for the steady improvement of the prosperity of the people and for the all-round blossoming of the country. That is why public property enjoys the particular protection of the country's constitution and its laws and is considered sacred and inviolable.

The BCP, the socialist state, the working class and the working people in our country are particularly interested in increasing, protection and properly using socialist property. In this case the interest of the state and the working people are absolutely identical.

After the victory of the socialist revolution increasing socialist property and laying the material and technical foundations of our society have always been the main concern of the party and the people's regime. We can clearly state that tremendous successes have been achieved. In proportion to Bulgaria's scale a tremendous material and technical base has been laid and many plants and factories have been built with the labor of our people and under the leadership of the BCP. In our country socialist property is steadily increasing.

In the course of two decades the value of productive capital in the national economy rose from 15 to 78 billion leva, i.e., by a factor of more than 5. We have reached a pace of expansion of productive capital by 6.5 billion leva per year. Examples have been set of how to behave toward public property, constituting the main, the basic trend. There is an ever deeper awareness of the fact that all this belongs to our people, that it is its property, that it is a nationwide resource, and that its proper utilization and preservation determines our development and prosperity.

This attitude will be greatly helped by the comprehensive application of the economic approach and the new economic mechanism in all realms of social life. That is why our main task now is to assist in the application of the economic approach through control.

The preservation and utilization of public property and of the material and technical base is becoming ever more important. Concern for its utilization and preservation must match the size of its increases. The contradiction exposed by the July 1976 BCP Central Committee Plenum between the created material and technical base and its use by the subjective factor remains valid.

That is why the party and the people's regime formulated the basic obligation to protect and defend like the apple of our eye everything created through the toil of the people--factories, plants, equipment, raw materials, materials, and products--and to utilize them effectively.

At the 11th party congress Comrade Todor Zhivkov once again sounded the alarm with the statement that as a result of their neglect and careless attitude, there still are people who are causing great damages to the national wealth. Some of them are even encroaching on the results of the people's toil. Such actions, he emphasized, are incompatible with socialist morality. They harm both the national and the private interests of the socialist working people, for which reason they must be decisively terminated. Once again, at the July 1976 Plenum, Comrade Zhivkov called for plugging all channels through which the people's good is wasted and insure the rational utilization of the created material and technical base.

This statement expressed by the leader of our party and state contains a profound truth. It is also an order which must sink deeply into the minds of all Bulgarian citizens.

Let Us Eliminate Economic Crime as Well

Political crimes have become virtually nonexistent in Bulgaria. This is a major victory. It proves that the people have accepted our system and the correct and scientific policy of the BCP. The party and the people are united around the BCP Central Committee.

Such is not the case, however, with economic crimes. We have not as yet made public property sacred and inviolable, even though we have proclaimed it as such. Negligence, thefts, and attempted fraud for the sake of personal gains are assuming dangerous dimensions.

Attempts on public property and the damages caused by negligence and, particularly, by the poor use of the created material and technical base and available raw and other materials hinder our accelerated development and the utilization of all reserves and restrict the possibilities of our socialist system. Our possibilities are far bigger. Their use is a necessary prerequisite insuring our adaptation to international circumstances and the satisfaction of our requirements.

Manifestations of negligence, theft, encroachment on public property, and personal gains are assuming a great variety of forms, both open and concealed. The struggle is becoming ever more difficult, for the criminals are becoming ever more inventive. Allow me to give you a single example: Driver Ivan Iliev, working for the enterprise for freight haulage in Vidin claimed fictitious work totaling 3,718 ton/kilometers for which he was paid. He also decided to keep for his personal use the corresponding amount of gasoline. To this effect he raised with a jack the rear wheels of the truck and ran the engine until the odometer registered the correct number of kilometers.

In 1979 the organs of the National Control System alone proved the existence of malicious damages totaling 324 million leva, 106 million of which in fraudulent receipt of wages, rewards, bonus, and so on, 15 million leva from thefts and misappropriations, and so on. This is by far not all, for we cannot solve all economic crimes and punish all violators.

The struggle against those who violate the laws and the thieves and economic criminals is hindered also by the appearance of a number of document-forgers and false witnesses. All of them are motivated by greed.

Many such cases exist: false reports on fulfilled and overfulfilled plans and achieved savings, with a view to receiving bonuses, the making of false documents with a view to acquiring land and real estate, irresponsible issuing of medical certificates, perjury by court witnesses, misrepresentation of the truth by experts, and so on. They are assuming a dangerous nature.

All this distorts the system of justice and leads to the occasional sentencing of innocent people while criminals remain free; it causes not only material harm but major moral damages which are far more dangerous. They twist the minds of the people, of the young generation, and create a wrong idea of our socialist system, our ideals, and our socialist people; the erroneous impression arises

that under socialism one may become rich dishonestly. In this manner economic crimes assume a political nature. Feelings inimical to the people's system are created. The labor collectives become corrupt and the social climate becomes poisonous.

The Party's Leadership Is a Prerequisite for Success

An entire movement is already developing as a reaction to economic crimes which are incompatible with communist morality and alien to the profound morality of our people. The protection of public property is a matter for the entire people. It is developing from below, as the initiative of the labor collectives themselves, as the creativity of the masses. This movement has been taken up by several okrugs.

We put a high value to the initiative of the Plovdiv Okrug BCP Committee and Plovdiv Okrug Committee for State and People's Control. They were the first to promote the movement of making the protection of public property a matter affecting all labor collectives and individual workers and citizens, making it a nationwide cause. This triggered a broad discussion and expression of views on the subject of the ways and means required for the implementation of the Leninist principles of managing and protecting public property. The discussion has already exceeded the lines of Plovdiv Okrug whose example was followed by Ruse, Vidin and other okrugs. Okrug conferences were held on the adoption of programs for the work of okrug control systems, prosecutor's offices, courts, the Ministry of Internal Affairs and the mass organizations on the protection of public property. We are pleased to note that all this is taking place under the leadership of the okrug party committees. This guarantees the success of the movement.

The struggle for the protection and utilization of public property and of the material and technical base will be successful, for the task has been set by the BCP Central Committee and the Politburo, and because Comrade Todor Zhivkov personally is continually drawing our attention to such problems: improvement of social relations and the development of a new, a socialist attitude toward public property and of a new, a socialist attitude toward it which, starting with slogans and appeals, is becoming a moral essence, a nationwide movement.

Displaying the Concern of Good and Strict Managers

However, a change must take place in the attitude of the owners themselves toward the public property entrusted to them, toward the plants, factories, land, forests, and material and financial values. A change must take place in holding responsible anyone who encroaches on, steals, or is guilty of negligence. In other words, the role of the subjective factor must be enhanced.

Everyone must be made deeply aware of this.

The managers of economic organizations and plant and factory directors have all the necessary possibilities for the protection, utilization, and multiplication of socialist property and for organizing its maintenance and responsible protection and delivery. This has been proved by the good managers. All economic managements and directors could and should take measures against negligence,

waste, theft, destruction, and encroachment of socialist property, earmark measures for labor and material savings and prevent falsifications for personal advantages. All this can increase the amount of socialist property.

It is very important for all managers to be familiar with the requirements of the party and the government and to bear in mind the fact that socialist property is sacred and inviolable and that the norms of socialist legality and morality must be observed strictly. Our help is required as well in this matter.

Uncompromising Struggle Using All Forces and Means

A climate of social intolerance must be created against those who steal socialist property and against economic crimes. This is the meaning of the movement for the protection of socialist property. In this respect we are relying a great deal on the public organizations. Their participation in this highly patriotic initiative should be manifested, above all, in the implementation of measures which will increase the conscientiousness of the citizens and labor collectives, intensify the feeling of collective and personal responsibility, promote criticism, and develop sharp public intolerance of encroachments on socialist property. All this must result in the transformation of the problem of the preservation of socialist property into a matter of the honor and valor of all citizens and to a form of behavior and a criterion with which to assess all working people in our country.

In the struggle for the protection of socialist property we are greatly relying on the mass information media as well. They should become actively involved in the movement for the preservation of socialist property, assist in promoting its educational aspect and contribute to the molding of uncompromising, critical, and irreconcilable fighters against negative phenomena. More skillful use should be made of all ways and means of publicizing the results of the struggle for the protection of socialist property. The mass information media must systematically and adamantly popularize the nature and great importance of the problem.

Furthermore, educational measures and ideological work must be combined with punitive measures, particularly against severe encroachments on socialist property and against phenomena which are becoming dangerous and widespread: negligence, waste, thefts, violations of state and financial discipline, and forgeries for gaining personal advantages.

We must strictly observe Lenin's instruction of exposing and punishing every single criminal and put an end to liberalism and helplessness. In this respect the courts, prosecution organs, and the Ministry of Internal Affairs must play a major role. The working class and the working people will be supporting us in this struggle. Our people have strict and stern traditions: thieves are exposed and shamed in the eyes of the public.

A permanent, energetic, and uncompromising struggle must be fought. It must be fought by all party, state and economic organs and organizations, by all people in all political, social and economic affairs, and by all working people, using all possible means.

The struggle will not be successful without enhancing the role of the specialized state and control organs: the National Control System, the courts, the prosecutor's offices, and the Ministry of Internal Affairs organs. They must intensify their preventive activities which remain the most important factor in upgrading the effectiveness of the struggle for the protection of socialist property. Everything possible must be done to eliminate conditions resulting in the theft or waste of the public's property. In this respect internal control plays an important part.

We must thoroughly consider the reasons which trigger economic crimes and create conditions for encroachments on public property and suggest timely measures for their elimination.

All specialized and control organs on all levels of social management must energize their activities and coordinate their work. In this respect the Committee for State and People's Control and its organs play a major role. They are the leading nucleus of the National Control System. We must restore the coordinated work of the prosecutor's offices, the courts, and the Ministry of Internal Affairs. We cannot be satisfied with the current state of affairs and with the state of joint activities, particularly those involving the chief prosecutor's office and the courts. Interaction is extremely necessary. It will insure the proper implementation of functions, for the Committee for State and People's Control is not a punitive organ and its main contribution is the help it provides. The punitive organs must play their part in terms of the materials we supply.

The struggle for the protection of socialist property must be accepted as a personal struggle by all control organs.

Precious Metal Thefts

Sofia TRUD in Bulgarian 27 Nov 80 p 2

[Essay by Nikolay Buzin]

[Text] As was usually the case, the restaurant was noisy. Dark gray clouds of smoke slowly rose over the tables. The people sitting around them, however, ignored them for, apparently, they liked the atmosphere!... This man too liked it: there was music, smiling faces, and interesting people....like the one, sitting at the table, who from time to time, laughed throatily, apparently at his own "Bulgarian" language! Why not speak it since, one way or another, he would make himself understood, considering the number of foreigners with whom he had already "reached an understanding."...

The "Bulgarian" language spoken by the foreigner and the few foreign words which S. had recently learned, reinforced by another bottle of Misket wine, made the conversation lively and, most importantly, useful. For some time S. has been looking for this kind of trousers [dunki] and it is as though the foreigner had been waiting for him to show up. He rushed upstairs, to his hotel room, and shortly afterwards the package with the trousers was in S.'s hands! "I like you, young man, you and I could....," the foreigner hints between drinks, and gradually the conversation turns to matters far more serious than a pair of trousers...

"He then asked me," S. was to say later to the investigator, "to find for him silver or silver nitrate or 1934 coins. I gave him my telephone number at home."

Before continuing with the story, let me answer the legitimate question of why am I using this anonymous initial "S?" Is it an author's caution?!... No, I shall be naming names later on! At this point, however, in addition to this anonymous "S." I also see behind it his father and mother who are honest and respected people living in a beautiful little village in northern Bulgaria.... and I ask myself, are they, the parents, who have given their only son his own Lada model car, an apartment, and everything else, to be blamed for the slap they have received from S.? And even if they were to blame, anonymity is the least significant factor which would reduce or punish the crime....

Meanwhile, the Lada has already been driven to a neighboring village where an old acquaintance refuses to sell to S. silver coins, claiming that he is a "wrong person!" It might be safer, perhaps, to operate in an "urban" environment, since a cousin of his, working in a big plant, had mentioned handling silver.... Yes, a good idea! In order to get acquainted with technologist T. he brought to him two tubes containing a film fixative, asking him to take the silver out. The technologist refused, claiming that this was not his area of expertise.

... "I then urged T. to give me some silver anodes and silver nitrate. I promised to pay him 50 leva per piece and per bottle. While he was at work I was able surreptitiously to take (would to steal not be a more accurate expression?--the author) one silver anode....," S. admitted later.

I shall spare you the innumerable details of subsequent events. Let me mention, however, a typical feature. An almost insignificant event occurred in the Pliska Hotel, in Sofia, where the seller of trousers and S., who had brought three kilograms of silver anode, met: after he took the merchandise, the foreigner disappeared without paying!... In a second delivery S. was more careful and was able to make a "successful" sale of the remaining kilogram of silver anode and of one kilogram silver nitrate: the foreign lady was "honest" and paid him \$400.

After the six kilograms of "silver" chemical, additionally stolen from the plant, and the sum of about 1,400 leva were returned by the parents of S., and after the two members of the "operation" were told what their sentences would be, the question which continues to concern me is the following: Why was the crime committed?

After his "coup," S. came to Sofia to buy tires for his Lada and found himself involved in an illegal foreign currency deal. Shall we consider that one of the reasons motivating S. was concern for his beloved Lada? Or else for acquiring yet another two, three or five pairs of trousers? The members of the group of loafers with whom he had been recently spending his leisure time would have been envious of him!... As to technologist T. all accounts concerning the precious metal had been left to him! Excessive trust and lack of control were the prerequisites while the desire to become rich quickly was the motive...

Nevertheless, why is it that it was precisely silver that provided the temptation? Is there any connection between this story and several other stories in

which this same metal proved to be the "testing stone" of the morality and nature of some people?

It turns out that there was a connection!... This connection, typical of this kind of stories, is alarming. The ease with which the shine of this metal blinds and dazzles is both disgusting and fearsome! Actually, considered philosophically, this "scorned metal" has frequently carried on its "Mephistophelian wings" evil to the people living in the world of money and capital. This topic has been the subject of numerous and talented interpretations in art. In the cases we are about to mention (precisely cases, individual actions), the concern is caused by the mechanism of the blinding. It is precisely its cruelty that is terrible despite the fact that our new world and the actions of millions of our contemporaries, who are individuals with a new morality, prove to us that this cruelty is not invincible!....

That is why we should not be afraid to admit that for some time it has been considered "fashionable" to commit misappropriations or even severe crimes involving gold, platinum, tin and other metals. Why is this fashionable? Because....

"Hey, why don't you request more tin? Give it to me, I know how to take it out. As to keeping the records straight, you know what to put in!"... That, or something similar was what Mikhail Rizov told Brigade Leader Ivan Petkov at the end of a shift at the Hot Tin-Lining Shop of the Kremikovtsi Combine. In the course of several months Petkov filed requests for 1,600 (!) kilograms more than needed and sold the amount to Rizov for300 leva. How could he know that Rizov himself was systematically stealing the tin and, using his Zaporozhets, was supplying the metal to Khristo Nikolov in Stanke Dimitrov. The latter had told him, "I will buy all you can bring!..." This was because Nikolov, in turn (and at a profit) was reselling the tin to Slavscho Iv. Stoyanov and Slavscho St. Ivanov, a father and son, felons with court records of four and two sentences, respectively.... Furthermore, how could Rizov and Petkov, the two metallurgical workers from Kremikovtsi know that the two Slavschovs would talk nephew Rumen Kostov and his friend Mitko Stefanov into robbing the Kooprom Shop in Sofia and that the stolen bundles weighing nearly 280 kilograms of tin alloy would be concealed in the bushes opposite the robbed warehouse and subsequently hauled in Slavscho, Jr's own car to his father's house? How could they know that this was not their first break-in robbery committed by this pair who, subsequently, was to steal from that very same (!) cooperative another 250 and yet another 350 kilograms of tin alloy also purchased by that same Slavscho....

...Spas Spasov is a highly skilled galvanizing technician. At the Elektronika Plant in Sofia, where he deservedly enjoys prestige and trust, the nature of his work is such that he is frequently given silver anodes and silver nitrate. One May evening in 1979 he was visited by Stoyan Konstantinov who offered him, respectively, 25 and 50 leva per kilogram of each product.... Spas stole the items and was paid a minute part of his "share"—380 leva. In turn, St. Konstantinov gave the silver to his father (here again we have family dealings but that is not the typical feature of the story!), Todor Konstantinov, who resold the silver to Dimitur Kadiev at a 600 percent profit....

I can see now that what I felt—an uneasy feeling of a vortex of names, kilograms, and money, is now trying the patience of the readers as well! But more

should be said on the subject of D. Kadiev, for he will bring us closer to the typical feature, to the action, for he is the individual who committed the most terrible, the most dangerous action: he instigated, he organized and he encouraged. It was he who set up the group which included Todor Monov, Valentin Tomov and other young people like them, free from labor obligations and lacking moral restraints. D. Kadiev supplied the group with useful information on enterprises using tin and silver. As a "start" one evening the group broke into Elektrometal, in Sofia, and in addition to the "commissioned" six kilograms of tin stole "on its own initiative" a great deal of money and valuable objects!... D. Kadiev did not hesitate to tempt the husband of a cousin of his, head of the Rationalizations Department in a Khaskovo enterprise, paying him "generously" for the 20 kilograms of silver nitrate which the "rationalizer" stole from the plant laboratory....

D. Kadiev's organizational efforts entered the area of another "organizer" sharing similar ambitions: the three times sentenced Atanas Atanasov in whose hands most of the Kremikovtsi tin ended eventually through two or three middlemen. At. Atanasov was a major purchaser of precious metals. However, he too was not standing by idly!... The group he incited and encouraged, by paying for the stolen goods, robbed on four different occasions (!) the warehouses of the G. Kostov Plant in Sofia. Each time the tin went to At. Atanasov. He also received the stolen silver nitrate obtained by the same criminals who broke into the Kristal Shop of the Mebel enterprise, the Fokhar Factory (in July 1979 about 740 kilograms were stolen from the factory, worth nearly 120,000 leva!), and so on. D. Kadiev as well used the "services" of the same gang. However, both purchases of precious metals were similar not only in that they had the same organizing "talent." They sought and found "foreigners" who paid well for the goods in foreign currency! Naturally, the payment was part of the criminal smuggling operation: as accomplices of the smugglers, Kadiev and Atanasov were paid over 130,000 leva!...

This, precisely, was the objective: selling to smugglers! This was the objective of both Kadiev and Atanasov who dishonestly acquired considerable quantities of silver, tin, and others. It was precisely this that they explained in advance to most of their "suppliers" thus inspiring them with optimism and the confidence that their criminal actions will remain unpunished!...

It seems to me that this is one of the reasons for this "passion," and the focal point of the increased frequency of criminal deals involving precious metals! The illusion of an ideal "disappearance of traces" which presumes the fast and definitive concealment of the theft ("Where would they be looking for the foreign buyers and how would they locate the 'goods' abroad?!..."), triggers the appetites and organizational talents of criminally inclined people. And so, the people like Slavchov, Kadiev, Atanasov and others instigate, organize, and involve in their dirty work both their "lesser" colleagues-performers and honest people who have access to the precious metal and are unable to withstand the tempting yet treacherous gleam....

However, the facts do not allow us to explain the fall of these people only as the result of the existence of "obliging" foreign merchants!

Yes, the marketing, done at the lightning speed, is of tremendous psychological value. However, in all cases deliveries of the precious metal and the technology used remain the same: theft, fraud, misappropriation of state resources. Such resources, allocated to meet the technological requirements of dozens of production enterprises, are obviously not valued and protected like our common great wealth they represent! That is why one, two, three, or dozens and hundreds of kilograms are stolen from a place containing silver or tin, as though there is no one to say "No!," and as though no one is affected!...

One of Kadiev's numerous "assistants" passed on to him an unexpected suggestion: one B. Dimitrov was offering his own patent for the production of platinum! It had not been recognized by the state organizations but he was willing to sell it for 5,000.... Kadiev found an interested and "helpful" foreigner who paid the required amount which quickly reached the owner of the patent who shared it "honestly:" the method was...to steal the "hammer" and "anvil" of automobile starters! Each of them had a platinum "point." Consequently, the platinum was there, waiting!?!....

Believe it or not, Kadiev and his assistants began to break into garages, service premises, and cars, soon realizing that he had been taken!.... Looking into the details of this almost comical case of fraud committed by one swindler on another, I felt the degree of blindness, the degradation which the precious metal had developed among all of its dirty-handed admirers. This was a particularly cruel trick played on those who, for one or another reason, fall in their treacherous net for the first time!

That is the point at which a young person betrays the honor of his parents respected by society, parents who have provided their only son with everything, even with a Lada!...

It was a point at which a casting worker betrayed the great faith entrusted in him as a brigade leader in charge of maintaining the fast rhythm of an entire shift in the huge Kremikovtsi Combine!... It was a point at which a valued and able galvanizing technician or prestigious specialist who wanted more rationalizations betrayed the people of his house, his plant and his city, people who until then had been looked upon strange in their eyes and to whom a smiling "Good morning!" had been said....

Certainly, all of them, having betrayed something important and beautiful in their lives, understand--and, let us hope, for the rest of their lives!--that the stolen precious metal, needed for our work, and the dishonestly acquired silver always turn into pitiful pieces of silver.

They, these pitiful treacherous pieces of silver are the cruel revenge of the metal....

5003
CSO: 2200

BULGARIA

SHORTCOMINGS IN CONSUMER GOODS DISTRIBUTION EXPOSED

Sofia POGLED in Bulgarian 10 Nov 80 p 3

[Article by Todor Stefanov: "What Happens When Your Car Breaks Down?"]

[Text] The national conference in Ruse, where our party and national leader, Todor Zhivkov, addressed again and very seriously the question of production and supply of consumer goods and services, coincided with the complex inspection in the country of the centers of Motorized Mechanics and Auto Services DSO [State Economic Trust] by the organs of the main inspectorate of trade and services at the MVTU [Ministry of Internal Trade and Services], by the okrug committees on governmental and national control, by the okrug people's councils and others. All branches were inspected and 783 violations were recorded in 319 of the 339 trade centers.

The results of the inspection were astounding as to the unsuspected ingenuity of the violators and their personal gains and to the inadmissible and unparalleled damages to the consumer. It turned out that there were people in all inspected trade centers whose only goal was to go around the ordinances and laws on protection of the socialist property. Their goal was to sell goods in short supply and thus fulfill easily the trade plan and obtain personal gains as well. Artificial shortages have been created recently and facilitated by the administration, in automobile, motorcycle and spare parts trade: almost all goods are delivered to the auto services of the union while the stores remain empty. The inspection established that in the Shumen branch, for example, all 3,659 imported tires that were supplied were sold by the auto services; in the Varna branch 2,400 spark plugs were also delivered only to the auto services, etc. The damage is twofold: the needs of the consumers are not met and the storehouses are full of unsold goods. The only ones to benefit are unscrupulous employees who, under such unusual conditions, "catch fish in murky waters."

There were many cases of goods being sold in violation of the established trade code and benefiting some private persons only. It is already a common practice in the union stores to hoard goods and sell them to chosen customers. And it appears that this practice remains, so to speak, unnoticed by the managers of the union branches since, should it be revealed, the culprits would have to bear administrative and judicial responsibility. Slack supervision and lack of effective control encourage the violators even to increase their criminal activity. They deliver privately to the trade centers different goods and spare parts and sell them illegally.

The practice of selling goods marked and labeled incorrectly seems to pale against the background of these gross violations. It creates, however, opportunities for jacking up the prices. The inspection established that the Ruse storage center delivered to the Varna branch 1980 stereo cassette units priced at 420 and 360 leva instead of 415 and 355 leva. It is not necessary to mention other similar cases, as the list will be too long.

Jacked up prices only do not satisfy the violators. Old model and discarded goods and spare parts are squeezed through together with the regular goods. In fact it is the duty of the production enterprises to use permanent markings and labels on the goods, and the managers of the trade enterprises should not accept goods improperly marked and labeled. Therefore, the branch managers in Sofia, Varna, Vratsa, Mikhaylovgrad, Stara Zagora, Lom, Srednogorie, etc. should not put the blame on the negligence of the producers.

The union stores quite often sell poor quality and nonstandard goods. In the first 3 months of this year the Stara Zagora, Plovdiv, Sliven, Varna, and some other branches received nonstandard goods valued at 1.2 million leva. In fact the Mikhaylovgrad branch has piled up unsold goods for 1.5 million leva, the Sofia branch for 600,000 leva, the Lovech one for 800,000 leva and so on. The sale of these goods will damage not only the consumers but will also contribute to accidents and freight troubles. Thus, in the first 3 months of the year, the organs of the main inspectorate of trade and services had to stop the sale of 2,006 types of poor-quality goods amounting to 1.2 million leva in the Stara Zagora, Plovdiv, Varna, Sliven and other branches. Accidents are also caused by the sale of secondhand goods and spare parts, sent from the auto services to the stores, which are not correctly marked as to type, make, price, etc. The sale of cars, motorcycles, and other items missing some parts and other accessories is just as dangerous. It is common practice for cars to be sold without the earmarked 5 liters of gasoline.

It was also established that many stores sell goods also on consignment, for example the branches in Stara Zagora and Sliven. Prices of such goods are determined arbitrarily by the seller and the person who delivers the goods to the store. This practice leads to additional abuses and personal gains.

These immoral trade methods at the Motorized Mechanics and Auto Services DSO raise many alarming questions whose answer lies in the organization of the union itself. The reasons are many but none is an objective one. Here are some of them:

Delivery orders are made by telephone instead of in writing; there are no itemized lists of the parts in stock; substandard goods are accepted since most of the stores lack specialists on the Bulgarian governmental standards and general norms; inventories do not describe type, trademark, make, price, etc.; documents arrive after the parts; there are no specialists to accept the delivered goods; goods are not stored properly and are often damaged; the internal-departmental control is slack and perfunctory.

The inspection revealed many other shortcomings. Many stores do not have cash registers or if they have them they do not run properly and do not issue cash receipts. The goods sold are not itemized. The daily cash turnover is often kept for several days by the management instead of being deposited in the safe at the end of the working day. Inspection books and boxes for suggestions and complaints do not exist, etc.

All this shows lack of interest on the part of the branch managers and the organs responsible for the trade stores. After the inspection took place the Motorized Mechanics and Auto Service DSO prepared a comprehensive program for different undertakings which have already been applied. The director general, Zhan Metodiev, has issued an order for the punishment of some violators.

Reprimands alone will not do. Are the violators going to be legally responsible, is servicing going to improve? As Ilf and Petrov wrote years ago "the car is not a luxury but a means of transportation." And we should add: "safe means of transportation."

1010

CSO: 2200

NEED TO IMPROVE SERVICES IN TOURIST INDUSTRY OUTLINED

Sofia POGLED in Bulgarian 10 Nov 80 p 4

[Article by Zheko Ivanov, deputy chairman of the State Committee on Tourism:
"Concern About Services in the Tourist Industry"]

[Text] It is a fact that in the past few years tourism has become a vital necessity to the people. Judge for yourselves. According to the data of the International Organization of Tourism, the number of tourists all over the world was 14.5 million in 1948, while the data for the current year show that by December the number will reach 280 million. In this mighty movement of people Bulgaria, although a comparatively young tourist country, has a well established place and its prestige in tourism continues to grow. We can categorically state that 1980 will be even better for Bulgarian tourism. And I will prove it. Our country was visited last year by 5 million tourists. In the 9 months of this year we have already had 450,000 more visitors than in the same period of 1979. Considerable increase was noticed in the number of tourists from France, Finland, Sweden, Denmark, Greece, the Soviet Union, the Socialist Republic of Romania, the Hungarian People's Republic, etc. But this is not the only factor determining the success. As a result of higher requirements and tenacious work on the part of many thousands of workers in the tourist industry, commodity trade for the 9-month period of this year increased by 20 percent, restaurant and cafeteria production by 27 percent and social labor productivity per person by 23 percent. Foreign exchange revenues went up 13 percent over the same period of 1979.

The past months of 1980 represent a serious step in the fulfillment of the program directives of Comrade T. Zhivkov, regarding the trends and rates of development of tourism, and of the party and government decisions promoting greater effectiveness and further intensive development of tourism. The results show a substantial progress in the tourist industry in accommodations, choice of new programs in medical, educational, and other specialized fields, hiking, as well as a better material basis, more possibilities for recreation and, most importantly, better trained service cadres. Many facts could be mentioned concerning modernization and renovation of hotels and restaurants, new roadside projects and shops, increase in the number of private accommodations and extra services in sports and cultural facilities. All this constitutes a new, mutual complex, which could be called the culture of service. I would like to point out that in this field, in spite of our achievements, for us, the promoters of tourism, better service is and will always be the most important task and that we are not yet satisfied with what has been done so far and that the fulfillment of this task requires methodical work and constant control.

The diversity and expansion of the programs offered to the Bulgarian citizens is of great concern for the joint complex, the culture of services. The possibilities in the tourist complexes in this respect are numerous. Many of the existing possibilities are still not used adequately, although this year we were able to arrange for many of our workers to spend their vacation in our resorts and for hundreds of thousands of Bulgarians to enjoy off-season reduced rates, weekly vacation travel and excursions at home and abroad. By saying this I have in mind that the tourist complexes as well should offer a better choice of programs and the enterprises and citizens should more actively use the services of Balkanturist. This is our present task on the eve of the forthcoming 1,300th anniversary of the creation of Bulgaria, for which occasion we are already preparing a large choice of special programs and services. These programs are part of the National Program for the anniversary celebration.

I would like to take this opportunity to report that the seasonal character of tourism is for us largely a thing of the past. The tourist complexes are busy with many additional activities, i.e., off-season travel for foreign and Bulgarian tourists for reasons other than vacationing.

The winter resorts are busy preparing for the new season which, judging by the reservations, will be successful.

Bulgaria attracts tourists all year round. The flow of tourists is the best proof of the increased prestige of the country. It was no coincidence that after last year's international distinction awarded by the Spanish publishing house Edificio Office to Hotel International at the Golden Sands, expressing respect for our country's achievements in tourism, Bulgaria is again a bearer of another distinction for the Rila Monastery, i.e. "Golden Apple," awarded by the authoritative International Federation of Journalists and Writers and Tourism (FIZhET).

1010
CSO: 2200

PRESENT SITUATION, FUTURE PROSPECTS OF INVESTMENTS EXAMINED

Budapest FIGYELO in Hungarian No 47, 19 Nov 80 pp 1, 4

[Article by Dr Gyorgy Winkler: "Investment Prospects"]

[Text] In the socialist sector it is expected that we will devote during the Fifth Five-Year Plan 8 percent more than planned, at comparable prices to the realization of development goals. Thus the volume of investments will be nearly 35 percent higher than during the Fourth Five-Year Plan.

In 1976 investment fulfillment developed at the previous year's level, and in 1977 in response to measures to speed up investments it increased by nearly 15 percent; thereafter the rate of growth slowed down annually to 5.3 and 1.3 percent, and in 1980 as a consequence of limitations put on investments it will decline by 7-8 percent as compared to the previous year.

Unfavorable Processes

The overfulfillment derived from an annual 25 to 30 billion forint investment surplus by enterprises over and above the economy's estimates. At the beginning of the plan period the enterprises and cooperatives had significant development sources, which were further increased by funds formed of profits and amortization exceeding plan estimates. These were swollen by wide-spread possibilities for easily attainable credits and state supports.

In order to stop these trends that varied from the plan goals, continuous government measures were taken beginning in 1978 in response to which we succeeded in restraining the unfavorable investment processes, and for the first time in years investments stayed within the planned framework. The number of investments in process declined, and 2 years of state measures started to take effect.

The investment structure started to improve somewhat in the plan period. While in the beginning of the 1970's the ratio of constructions was disproportionally high in investments as a whole, the share of investments for machinery, equipment and vehicles increased. In 1979 these latter investments neared 47 percent (calculated at unchanged prices). At the same time, in 1979 more than one-half of the value of investments put into operation went to increase real estate holdings.

The ratio of the value of investments put into operation in 1976-1979 as compared to the national income came to 36 to 38 percent. About three-fourths of the investments were put into operation in the sphere of material production.

Incompleted investments have grown to a great extent, and in 1979 there were about one and one-half times as many as in 1975, and came close to 7 percent of the capital used in the socialist sector.

As a consequence of the investment activity during the 4 elapsed years of the Fifth Five-Year Plan, the fixed assets of the material branches expanded by more than 25 percent. It is a favorable sign that in the fixed assets that were put into operation there was a significant increase in the ratio of machinery, equipment and vehicles (an increase of 30 percent in 1975 to 39 percent in 1979). It is characteristic of the age composition that of the expected stocks in the 1980's, 32 percent were put into operation in the Fifth Five-Year Plan. It is an unfavorable phenomenon, however, that in 1979 almost 9 percent of the stock was already obsolete (written off at zero) but was still maintained in operation.

Braking...

The capital demand of the investments which substantially exceeded the plan contributed to the unfavorable development of the foreign economic balance and caused tensions on the investment goods market. The implementation of the investments was frequently delayed; the use of partial capacities is of low degree and the running in times is long; a great deal of time is lost and additional costs are run up by improvements and additions that later become necessary. The effective realization of the investments is also hindered by the fragmentation of capital.

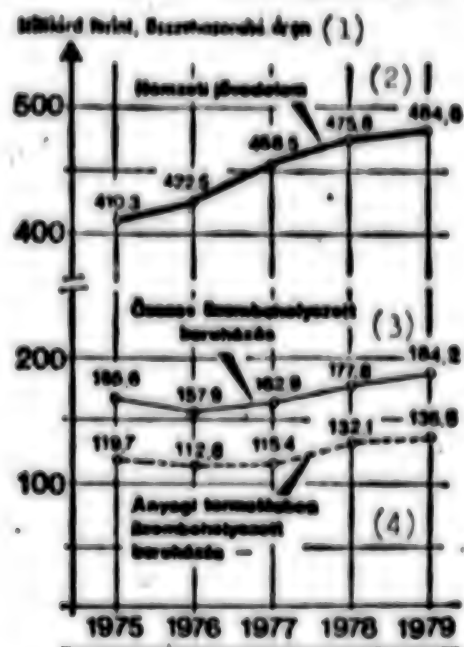
By the end of the plan period the starting investment volume was moderated as a result of the general tightening of the management conditions, tensions in the development funds, and cautious enterprise attitudes. Under the less heated investment market relations, the signs were already evident of a concentration to finish as soon as possible the developments already underway. The economic processes of 1979-1980 will create, it is expected a favorable starting point for the investments of the next five-year period.

Under the Sixth Five-Year Plan the main direction of economic policy will continue to be an improvement of the economic equilibrium, including the foreign economic balance. Since the possibilities for a domestic consumption increase in the coming years are slight but it is an important requirement to guard the living standards already attained, we plan the volume of investments in the Sixth Five-Year Plan at essentially the same level as in the Fifth Five-Year Plan. In pursuing the processes that developed in 1979-1980, it will be advisable to reduce further the investments at the beginning of the plan period, and later on--if the development of the external equilibrium situation makes it possible--the conditions for a slow rate of growth may be created in the second half. Accordingly, the volume of investments may reach the 1980 level at the end of the plan period.

An essential element of investment activity in the next plan period is that we must speed up putting them into operation, for the decline in the number of new investments is continuing and parallel with this the concentration of the implementer on the investments underway is increasing. Thus the fixed assets for producer purposes will expand by 24 to 27 percent within 5 years, including a 25 to 28 percent expansion in the total fixed assets of directly producer branches. Since the producer fixed assets increased dynamically between 1976 and 1980 (faster than planned),

significant reserves have accumulated also in the exploitation of existing means. In the next plan period as well the stock of means that is increasing more rapidly than production will establish the basis for the targeted production increase, structural change, and the modernization of the stock of means at an appropriate rate. All this requires, however, a more vigorous selection of development goals and a stricter taking into account of economy-efficiency requirements. In the interest of a rational utilization of resources available for development, we must, where this is economical, organize the utilization of modern equipment in shifts and place emphasis on the reconstruction of the plants.

Graph: Development of the Volume of Investments Put Into Operation



Key:

1. Billion forints at comparable prices
2. National income
3. Total investments put into operation
4. Investments put into operation in material production

In all decision categories the enterprises' own sources share in the financing to a maximum degree.

--Priority is given to investments that improve export capability over the long run as well, reduce imports, and increase international competitiveness.

--We must promote at a rapid rate of realization the developments which assure a rational utilization of energy, raw materials, and waste.

--Investments that can be realized in a relatively short time and are rapidly convertible enjoy an advantage.

--Advantages are given to reconstruction type investments, or those designed to solve bottleneck problems.

--The economic realization of investments is an important interest. We must improve cost planning, the technical-economic bases of the targets, and in implementation we must prevent waste.

The ratio of state investments (in comparable structure) is declining somewhat, which means lesser investments in volume as well. Outside of investments already begun, very few basic material investments and only outstandingly important producer infrastructural investments can be put into the plan as a state investment.

The scope of producer target-oriented state investments is not changed, but they are placed into the enterprise sphere of producer infrastructural developments financed from enterprise sources.

In the sphere of other investments the planning will continue to devote special attention to meeting the justified health, cultural and communal needs of the population that are in harmony with our economic possibilities, and at the same time we wish to raise a barrier against demands that exceed these goals.

The financial role of the central council budgets are the most important in the sphere of state investments. In the future, free budgetary allowances that do not require repayment will be reduced in the sphere of producer state investments, and the share of the enterprises' own resources will be increased.

Enterprise investment possibilities will somewhat exceed the level reached in the Fifth Five-Year Plan period. It is the resolve of economic guidance to put consistently into the enterprise sphere of authority those developments for which the initiative is based on market influences and are designed to increase incompetibility, and to make the enterprise bear the risk. Export developing and subsidized credit as well as basic capital allowances may be used for these investments along with tight state preferences for effective developments.

The scope of direct state supports for enterprise investments is tightening up. It remains intact where unconditionally justified by the limited applicability of the competitive price system, the fulfillment of international obligations, or infrastructural-type economic goals (for example, environmental protection) which cannot be fitted fully in the system of enterprise interest.

The 1981 Characteristics

In the interest of improving the foreign economic balance, we must in 1981 further reduce accumulating expenditures. We need to reduce the volume of investments although somewhat more moderately than this year. One condition for this is to regulate appropriately the issuance of purchasing power.

In the sphere of large state investments (besides an appropriate rate of implementation of those in process) we may start only such as are called for in the plan and adequately prepared. Among target-oriented investments our special task is to guard the level of central housing construction and accelerate the reconstruction of hospitals and clinics, while in other target-oriented categories the investment possibilities are lessened.

According to present estimates, the enterprises may realize investments of the same amount as this year. Differentiation is made more difficult by enterprises with fund shortages, for in the final analysis the temporary help they are extended reduces the development possibilities of the enterprises that are managing well. Therefore in the future we must more firmly resist enterprise managers who overspend, by this means also preventing development fund shortages from coming about.

6691

CSO: 2500

ESCALATING PRICES OF FARM EQUIPMENT DISCUSSED

Warsaw CHLOPSKA DROGA in Polish 26 Nov 80 pp 1, 6, 7

[Article by Kazimierz Woznicki: "Farm Machine Prices - a Double-Edged Sword"]

[Text] In establishing a list of consumer goods on which prices cannot be increased, consideration must be given to how the pricing system affects farm production means, i.e., farm machines, tools and tractors.

Even now, the relations of farm equipment prices (of which more will be said later) to basic farm product prices and labor costs are not correct. These relations are, without exaggeration, far different from those of other European countries. Freezing food prices while maintaining present trends in price-fixing on farm production means may strengthen the farmers' belief that some branches of farming and crop cultivation are unprofitable.

The peasant farmers' reluctance to contract with the government for cultivation of beets, rape and grain, can be blamed on more than just unfavorable weather. These crops must be forcibly pushed in the State Farms, with the result that crops are not being rotated, techniques of field-crop production are deteriorating, and crop yields are lower.

We know that the increase in sugar production during the past ten years was obtained not because harvests were better, but because more acreage was given over to beet production. Beet harvests, to put it mildly, have not changed for years--if anything they are declining.

At this point, however, we should give prices of certain farm machines so that we can visualize the scale of events occurring in this field and understand their destructive influence on farm production.

A mechanical potato washer, Model No H067/0, named "Notec," in 1968-1969 weighed 250 kg, cost 3,200 zlotys, and was able to wash 2,000 kg of potatoes per hour.

The same kind of washer, but marked H018/1, weighing 30 kg less, cost 16,000 zlotys in 1977-1978, but its capacity was given as 1,000 kg/hr, or half that of its predecessor.

The "Jemiol" beet cutter, weighing 155 kg, cost 3,900 zlotys in 1968-1969. Nine years later it cost 6,000 zlotys, a moderate price increase. But the "Flisak" shaker-cutter went from 10,000 to 21,000 zlotys during this same period.

Before we purchased a license, we produced our own milking machines, named "Zorza." They were two-pail machines, and cost, depending on motor (one or three-phase), 7,000 or 7,500 zlotys at the close of the 1960's.

Nine years later, only milking machines produced under the Alfa-Laval license are shown in the "Agromy" catalog. For comparison, because the "Zorza" machines were produced for 20-cow sheds, I will give the prices for similar licensed machines: H-308 (12 cows) and H-305 (12-14 cows). The former cost 14,200 zlotys, the latter, 20,300 zlotys, in 1977-1978.

The Model 2070/0 "Robot" straw baling machine cost 30,000 zlotys in 1968-1969. The catalog gave its capacity as 1.5-3 tons per hour. In 1978, the "Agromy" catalog offers a Z-218 baler, 3-8 tons per hour capacity, but at a price of 115,000 zlotys.

A Z-224 baling machine now being offered to farmers costs 300,000 zlotys! This machine costs 208 zlotys per kilogram.

Dr Wacław Klepacki of the Institute for Farm Construction, Mechanization and Electrification [IBMER], author of "A Study on How Farm Machine Price Relations are Established," wrote in the introduction to this study:

"...Unit prices (zlotys per kilogram) of tools, machines and equipment available on the domestic market, fluctuate in a very wide range: from 5.5 zł/kg (U 213 tractor-drawn harrow) to 920 zł/kg (tunnel water trough).

"The relations of machine prices to basic farm product prices show that machine prices are not advantageous to farming. For example, the self-propelled combine-harvester, Z050, costs 1,037 q wheat, 146 q pork slaughter animals, 193 q beef slaughter animals, or 1,100 q milk.

"The same relations apply to the Z-413 beet harvester. Interestingly enough, the unit price relation of this harvester is even worse, for it is almost three times higher (43.2 kg wheat for 1 kg machine) than the relation of the combine-harvester (15.0 kg wheat per 1 kg machine)."

The cost per kilogram of the Z-413 beet harvester in 1976 was 229.2 zlotys.

These are not, unfortunately, isolated prices. What is worse, while attempts have been made in recent years to create incentives for expansion of cattle and hog breeding, the prices of machines and equipment used in this breeding were at their highest, if unit costs are considered.

For example, the H-307 can milker cost 413.27 zl/kg; the previously mentioned automatic water trough (for pigs), cost 920 zl/kg; the HP-1 trough (a USSR import) cost 342 zl/kg. A sheep clipper, imported from the USSR, cost 400 zl/kg. Hatching equipment, imported from the CSSR, cost from 315.38 to 352.16 zl/kg.

These are extremely high prices, for the unit price for animal-breeding machines and equipment was 107.09 zl/kg.

Comparing, in turn, prices of machines used for milling, cleaning, sorting and drying, brings one to the conclusion or confirms the conclusion, that the animal-breeding equipment is the most expensive, for cleaning, milling, and drying machines cost on the average of 46.64 zl/kg.

The average price of animal-breeding equipment is even higher than the average price of machines used for farm product harvesting, despite the fact that these averages are greatly increased by rotary mowers for grass and green forage (161 to 172 zl/kg) and beet and forage harvesters. The average price for this machine group was 96.73 zl/kg.

While Dr Klepacki was making his study of farm machine and equipment prices, the unit prices of such luxury items as a Fiat 125 p automobile did not exceed 174 zl/kg, and electronically and automatically charged drum washers were 128 zl/kg. Compare these with the prices of milking machines (over three times higher than the unit prices for washers), automatic water troughs, and beet harvesters.

Unfortunately, these comparisons show that the farm machine industry's pricing policy did not support the government's efforts to counteract the drop in milk and meat production. On the contrary, it had a clearly destructive effect on agriculture.

Many times in past years, when I brought up the subject of farm machine prices in my conversations with management and employees of the farm machine industry, I received the reply that in comparison with farm machines in Western countries, our machines were cheap.

Here, prices in dollars or marks were given, ignoring, of course, the commodity relations. But for the farmer, it is precisely these relations that are meaningful--the relations between the prices of farm products, labor costs, and prices of machines.

The farmer asks himself: How much in terms of slaughter animals, grain, or beets, must I pay for this machine?

And this method of reasoning and comparing is more valid than that of calculating farm machine prices in dollars and marks and converting these prices to zlotys.

Dr Tadeusz Pawlak, of the IBMER Department for Economics and Organization, made such a comparison for Sweden. Thus, in 1974, the commodity equivalent of the price of a medium-class tractor (0.9 t) was either 839 q wheat, 853 q rye, 8 t pork, 4.8 t beef, 10.1 t eggs, or 357 hl milk. This tractor then cost 2,996 farm labor hours. Three years later this same tractor cost 936 q wheat, 1,005 q rye, 9.1 t pork, 4.7 t beef, 416 hl milk, but now only 2,702 hours of farm labor.

Farm product prices in Western countries--Great Britain, Denmark, the FRG--grow at a slower rate than prices of machines or tractors, but farm labor costs rise faster than farm equipment prices. Because production processes in farming are mechanized, there is the alternative of manual labor or some mechanization, which is always more profitable.

Engr Piotr Dabrowski, during his last visit in France, noted the relations between farm labor costs and machine prices.

Thus, a 30-HP tractor costs the French farmer 1,900 labor hours, while it costs the Polish farmer 2,300 hours. A 52-HP tractor in France costs 3,000 operating hours; here it costs 4,000 operating hours. A 75-HP tractor in France costs 3,500 operating hours, here 7,000. A 112-HP tractor in France costs 7,600 operating hours, here 10,000. In making these comparisons, Dabrowski took into account the average labor costs in farming: 50 zlotys per hour in Poland, 16 francs in France.

The Massey-Ferguson 38 tractor costs the French farmer 2,400 labor hours, whereas the Polish farmer, because the tractor is priced at 270,000 zlotys, has to work 5,500 hours to pay for it.

If the machine producer is to find buyers for his new products, he must observe these cost limits in farming, costs which will make it profitable to use the new types of machine equipment.

But this happens only where the buyer of the machines governs the market, not the producer. In our country (there is nothing revelational in this), where the entire production of the farm machine industry is about one third of what is needed, we can speak only of the producer's market. The buyer is supposed to be happy if he can buy a machine--at any price. A price increased also by the "enclosure" or libations [i.e., bribes] which he must pay for "courtesy." To whom? How much? The farmers know all of this very well, but these unnoticed amounts seem to escape scientific studies and comparisons. If they were to be added in, the MP-38 tractor would cost more than 5,500 hours of farm labor.

There can be no talk of competition on the producer's market, competition which would take into account the cost limits in farming and actual production costs, in order not to lose sales to a competitive firm. Certainly that is why in our country the relative prices of machines and tractors are higher than in West European countries.

Has farming had an influence on the establishment of farm equipment prices? Have the opinions of farm representatives been considered?

The fact that the chairman of the State Price Commission (PKC) at one time appointed one of the known scientists from IBMER as PKC spokesman on tractor, machine and equipment matters would lead one to assume that the opinions of farming were being heeded. Unfortunately, this is not the case. Not once since his appointment as spokesman has this scientist been invited to a State Price Commission meeting at which farm machine prices were established (and this is over a period of several years).

The director of the Farm Machine and Tractor Sales Office, CZSR (Central Union of Agricultural Cooperatives), Jozef Andracke, has not sent his employees to the PKC meetings for several years because, he says, their appearances are futile.

It is true that the principles governing the fixing of farm equipment and spare parts prices state that before a new type of tractor (domestic) or farm machine is put into production, the directors of ZPMR [Agricultural Machinery Factory] AGROMET or ZPC [Tractor Factory] URSUS, are supposed to set an upper retail price limit, after obtaining the opinions of CHSR [Agricultural Equipment Sales Center] AGROMA, the Ministry of Agriculture, and CZSR "Peasant Self-Aid." Also, because world prices must be taken into account, the opinions of AGROMET-MOTOIMPORT should also be considered. According to the IBMER employees and director Andracke, however, the opinions of these organizations are worth very little.

Who actually decides farm equipment prices? The regulations covering this say that the chairman of the State Price Commission sets prices at the suggestion of the producer on domestically produced machines. Prices of imported tractors are set on the basis of suggestions from AGROMA and the Foreign Trade Enterprise (PHZ) of AGROMET-MOTOIMPORT, "after obtaining the opinion of the Ministry of Agriculture and CZSR," of course.

In IBMER I could find no evidence that anyone from the Ministry of Agriculture has ever asked for the opinion of a qualified staff member or requested a price study, other than Dr Klepacki's study of 1977. And CZSR, as I have already said, has washed its hands of the matter.

The basis for price changes on modernized products in the farm machine industry is the principle of division, by half, of the profits which result from this modernization--division between the producer and the users.

So what kind of profits did the users get from modernization of a manure spreader from FMR [Agricultural Machinery Factory] in Dobre Miasto? The N208 spreader cost 31,300 zlotys in 1971. After modernization, it became spreaders N219/1 and N219/3, now being sold for 62,000 and 64,000 zlotys. Doubtless after buying the present manure spreaders, the users' pockets are lighter by half. But this is as much as they profited.

I believe that since there are no competitive firms in our country, seeking out purchasers of farm equipment, since we have only a producers' market, far-reaching changes are needed in the way in which farm equipment prices are established. These changes should provide that there be input from qualified farm representatives, both practitioners and scientists.

Many years ago, I learned that in the GDR a proposal for undertaking production of new types of farm machines, taking the operating cost limits into account, was approved (or disapproved) by the national science council in the Ministry of Agriculture.

Perhaps we, too, should consider such a body with similar authority, so that not just the narrow interests of industry would be the main price-fixing factor in the farm machine and tractor industries.

I believe that representatives of the Mechanization Committee in the Main Board of the Root Crop Growers Union (prof Tadeusz Karwowski of IBMER is a participant) can provide far more interesting opinions on the operation of a machine or its profitability than can CZSR officials or functionaries in the Ministry of Agriculture.

In documents regulating the matter of prices, nothing is said about obtaining the opinions of a social organization such as the agricultural circles, although this organization has a specialized Engineering and Services Section, and in that Section there is a Mechanization of Individual Farms Unit.

I have attempted to show that voluntarism in establishing farm machine prices can lead to serious economic consequences in farm production.

In the introduction I mentioned beets, and at the conclusion I would like to add that the manipulation of prices on potato planters (a two-row planter in 1971 cost 8,500 zlotys, and for several years now it has cost 28,000 zlotys, while a four-row planter costs 61,000 zlotys) has set back mechanized potato planting by several years. Yet this is an essential condition of mechanization for potato harvesting by the "Anna" harvesters.

Still, I do not believe that the authors of the increased prices of potato planters have detected the causal relationship between these prices and the fact that investments in the expansion of FMR in Strzelce Opolskie to provide manufacturing capacity for "Anna" potato harvesters, have, for years, been utilized by only half. Prices, it is apparent, are an instrument, like a double-edged sword. That is why they must be used with caution.

(Note: This article was prepared before the Sejm debate. A shortened version of it also appeared in POLITYKA No 47.)

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INVESTMENT LAW ADOPTED BY ASSEMBLY SESSION

AU262051 Bucharest SCINTEIA in Romanian 19 Dec 80 pp 4, 5, 6

["Investment Law" adopted by the 18-19 December session of the Grand National Assembly in Bucharest]

[Text] The development of the national economy in accordance with the main goals established by the RCP program for building the comprehensively developed socialist society and ensuring Romania's progress toward communism requires a vast program of investments that can ensure a ceaseless increase in and faster modernization of the forces of production and would create a modern and highly efficient economy in order to continuously increase the material and intellectual well-being of all the people.

Implementing the broad investments program based on allocating a significant part of national income to the development fund, requires the continuous improvement of investment activity; the strengthening of the responsibility of all those active in the field; greater exactingness in judiciously utilizing material and monetary funds available; the application of a strict system of savings; and the establishment of firm order and discipline in all stages of the investment program.

Developing investment activity under conditions of greater economic efficiency, in accordance with the new requirements of the current stage of socioeconomic development, requires greater exactingness in thoroughly substantiating the introduction of new investment projects in the plan; timely drafting and preparation of documents; the ensuring of all conditions to start and carry out the projects; their execution at a high qualitative level; the commissioning of envisaged projects on time; and the attaining of the approved technological and economic indexes.

In order to adjust the existing legislative framework to the requirements of continuously improving the investment activity, the Grand National Assembly [GNA] of the Socialist Republic of Romania adopts the present law.

Chapter I

Basic Principles

Article 1 (1)--The investment policy carried out in accordance with the RCP program for the country's socioeconomic development ensures the proportional

and harmonious development of industry, agriculture and all branches of the national economy, attaining an optimal balance among various fields of activity and rationally distributing the forces of production to develop all regions of the country, in order to promote overall social progress and meet the people's material and intellectual requirements.

(2)--Investment activity is a broad and complex process of qualitatively turning material, financial and labor resources into fixed assets by attaining new capacities and units in all economic branches and by modernizing, developing, rebuilding and overhauling existing fixed assets.

Article 2--Implementing the investment policy and more efficiently utilizing the national fund for socioeconomic development will be carried out in accordance with principles of worker self-management and economic-financial self-administration and are based on the following key goals:

A) Consistent promotion of socialist industrialization; creation of a modern industrial structure of high economic efficiency; intensive development of agriculture, judicious utilization of land and attainment of high vegetable and livestock production; rational exploitation and higher utilization of the forestry fund; higher utilization of all material and work resources; and intensive utilization of production capacities;

B) Steady development of the base of raw materials, fuel, energy and other materials and recovery and utilization of reusable material resources;

C) Development and modernization of construction, transportation and telecommunications in accordance with requirements of a balanced and proportional growth of the entire national economy;

D) Reduction of production costs, particularly of material expenditures; strengthening the spirit of savings and increasing economic efficiency in all fields of activity;

E) Broad promotion of technological progress by rapidly introducing the results of scientific-technological research into the production process; continuous increase in the technological level of production; improvement in the quality of products and their diversification in accordance with requirements of the national economy; mobilization of all reserves to increase labor productivity; promotion of the latest methods of organizing and running work and production, including the development and large-scale utilization of automation, minicomputers and data-processing;

F) Steady increase in exports; expansion of international economic cooperation ventures and increasing their efficiency;

G) Rational distribution of the forces of production throughout the country in order to ensure a more balanced development of the economy of counties; utilization of work resources and increase in the cultural level of all inhabited areas;

H) Priority in directing investment funds to the sphere of material production and productive economic branches which directly create national income, while also ensuring housing and urban development; improvement of communal administration; expansion and modernization of education, culture, health protection and other sociocultural activities; creation of conditions for better supplies and services to the people;

I) Development of small-scale industry and the priority utilization of local raw materials and reusable resources.

Article 3 (1)--Investment projects will be implemented in accordance with requirements of the country's socioeconomic development and are clearly included in 5-year and annual plans.

(2)--Inclusion of investment projects in the plan will be made on the basis of strict technical and economic substantiation and thorough examination of conditions for the sale of products for domestic needs and export; ensuring raw and other materials, energy, fuel, machines, equipment and installations primarily from domestic production; selecting a site for the investment project; and attaining high economic efficiency.

(3)--Inclusion in the plan and implementation of new investment projects will be possible only if existing capacities and areas are fully utilized. The developing and modernizing operating capacities will be primarily attained by introducing new machines and equipment into existing production facilities.

Article 4 (1)--Construction designs for investment projects in industry, transportation, agriculture and other productive branches and for dwellings and sociocultural establishments will be drawn up on the basis of standard designs, approved by law, which take into account the standardization of manufacturing technology and the utilization of building materials and elements and of standardized installations.

(2)--In order to efficiently adapt production to market requirements, reduce transportation distances for raw materials and finished products and judiciously utilize manpower, standard small-capacity designs will be drawn up for investment projects in industry and in the field of services to the people standard blueprints for such projects--made up of interchangeable parts--will be used as is or in combinations to attain units of various size, according to requirements.

(3)--Investment projects will be attained with standardized modern technology derived from our own research, which can ensure: lower consumption of raw and other materials, fuel, energy and water; utilization of secondary energy resources; minimal production costs; greater labor productivity; the manufacture of higher quality products that are competitive on foreign markets; and environmental protection.

(4)--In the field of construction, the research, drafting and execution processes will be directed toward finding new construction solutions that encompass large-scale utilization of light building materials and parts

procured from local resources at reduced costs and minimal energy and fuel consumption, and also by limiting the use of energy-intensive materials. Action will likewise be taken to reduce the size and weight of equipment, in accordance with requirements of the manufacturing processes, in order to reduce the size of construction and consequently the share of assembly-construction work in the overall volume of investments.

(5)--In drafting technological-economic documentation for investments, the design, scientific research and technological engineering units must envisage utilizing standardized machines, equipment, installations, materials, measurement and control equipment from domestic production; importing such machinery can be accomplished, in quite specific cases, only by supplementing imports with exports of Romanian products, particularly from the branch of the machine-building industry.

(6)--In designing and building investment projects, one must see to it that only minimal land areas are used, primarily those that are not fit for agriculture; one must seek to eliminate heavy foundations, to put equipment outdoors whenever possible, to combine buildings and functions and to jointly attain and use services and auxiliary capacities.

Article 5 (1)--Implementing new investment projects or developing existing capacities, as well as their financing, can only be accomplished if all necessary conditions are ensured to carry out the work within established deadlines.

(2)--The timetable for investment projects will be in strict accordance with material, human and financial resources available and will ensure that the investment volume at the end of each year does not exceed the investment volume envisaged for the following year.

(3)--To avoid dispersing capabilities and in order to fully utilize construction equipment, transportation means and manpower, they will all be concentrated on a limited number of worksites to complete projects as soon as possible.

(4)--Organizing and regulating work on worksites will be done so as to ensure that in winter all conditions exist for work that does not require heating.

(5)--All investment activity must be based on strict social control of the way in which socialist units and all working collectives carry out their duties and obligations incumbent upon them from the investment programs, which are part and parcel of the country's socioeconomic development plans.

(6)--Financial and banking bodies are dutybound to exert control over utilizing investment funds, seeing to it that work is done in accordance with plan provisions and approved documents and that expenditures are made by strictly observing legal stipulations.

Article 6 (1)--In fulfilling their duties in the investment fields, the ministries and other central and local bodies are responsible for ensuring the necessary conditions to optimally attain the investment projects, for

the quality and efficiency of the projects, for their overall completion as well as for each subordinate unit, for the resources to finance investment projects and for the judicious utilization of the funds.

(2)--Trade union organizations, other mass and public organizations, working people's councils in economic units and all working people are dutybound to consistently act to ensure that each economic unit carries out its investment activity under conditions of high economic efficiency.

Chapter II

Planning Investments

Article 7--The investments plan, which is part and parcel of the single national plan for socioeconomic development, includes all investment projects and expenditures as well as the means to implement them; it concentrates and directs a significant part of the national economic resources toward steadily expanding the forces of production, raising economic efficiency in all fields and continuously increasing the national income and, on this basis, the qualitative level of the entire nation's life.

Article 8 (1)--The inclusion of investment projects in the plan is based on rigorous technical and economic substantiation and on thorough examination of production sales at home and abroad to attain highly efficient economic capacities, which can ensure better utilization of domestic raw materials and all resources, with low energy and fuel consumption and minimal production costs.

(2)--The inclusion of investment projects in the plan is based on ensuring necessary material, human and financial resources. In order to concentrate available technical and material means and manpower on a rational number of worksites in simultaneous execution, the plan will provide for the spacing of the execution of work that, in the case of continuing projects, the investment volume left to be executed at the end of a given year does not exceed the investment volume envisaged for the following year.

Article 9 (1)--The activity of planning investments and the stages and manner of drafting the 5-year and yearly plans will be carried out in accordance with the law on Romania's planned socioeconomic development and the present law provisions.

(2)--The activity of planning investments will be streamlined for departments, branches and regions at all organizational levels, proceeding from basic economic, sociocultural and regional-administrative units, in accordance with the basic principles of planned management of socioeconomic development in order to include investment projects in the balance and overall options of the economy.

Article 10 (1)--The following will be established in the investment plan, by investment projects:

A) Project value; volume of investment, assembly-construction and equipment; manufacturing technology, capacity and location; funds for the project's

completion; deadlines for starting work, commissioning new capacities and attaining the approved technical and economic indexes; and the value of fixed assets.

B) Overall designer, overall contractor and main specialized subcontractors and overall equipment supplier.

(2)--Related and common-use projects are included in the subcontractor's investment plan at the request of the main contractor--their deadlines being correlated with the commissioning of the project.

Section 1

The 5-Year Investment Plan

Article 11 (1)--The 5-year investment plan is drawn up, according to law, by the Council of Ministers, in keeping with directives of the RCP congresses and national conferences.

(2)--Investment tasks and projects included in the 5-year plan are established by ministries, other central bodies and the executive committees of the people's councils of the counties and of Bucharest Municipality, as the case may be, on the basis of the following studies and research:

A) Macroeconomic forecasts for branches and sectors of social life, for subbranches and groups of products and on a territorial basis;

B) Studies for the future development of branches, subbranches and groups of products; studies for the development of the local economy; research and studies concerning sales of products at home and abroad;

C) Special programs to modernize and assimilate products, groups of products, branches, subbranches or activities;

D) Studies on territorial systematization, plans for systematization of localities, systematization details, plans for hydrographic basins, studies to develop the energy network and placement studies;

E) Research and studies on improving technological processes, scientifically organizing production and work, introducing new technological processes and manufacturing new products;

F) Geological, topographical, geotechnical and hydrological field studies and research;

G) Other studies and research necessary to substantiate investments.

(3)--In order to include an investment project in the investment plan, end users will present technical-economic substantiation memorandums endorsed by the State Planning Committee, the Ministry of Finance and the Ministry of Technical-Material Supply and control of the management of fixed assets.

On the basis of economic-technical substantiating memorandums, the necessity and opportunity for investments will be established under conditions of making complete use of existing capacities and ensuring product sales at home and abroad and by specifying the manner in which the requirements for raw materials, fuels, energy, equipment and production facilities, manufacturing technology, location and works stages will be ensured, as well as the cost and efficiency of projects as compared to similar projects characterized by high economic-technical performances at home and abroad.

Article 12--The ministries, the other central bodies and the executive committees of the county and Bucharest Municipality people's councils are responsible for ensuring thorough substantiation of the 5-year investment plan by constantly organizing and carrying out such activities as scientific research and technical engineering and by drafting estimates, development programs and studies, blueprints and planning details, studies and research work on schedule to ensure the sale of products at home and abroad, as well as the other necessary studies and research work to substantiate investments.

Article 13 (1)--The new investment projects can only be included in the plan if construction areas and existing capacities are completely utilized. Priority will be given to modernizing and reequipping operating units and to supplying new machines and equipment without building new halls.

(2)--In planning new production capacities, utilization of local equipment and installations, introduction of modern technology and mechanization and automation of production processes and their rational location, must be ensured.

(3)--The development of an existing unit has to follow a uniform concept that will include all stages of a 5-year plan period and that will hold a distinct position in the plan.

Article 14 (1)--When planning new capacities both their optimal size--so as to avoid long-distance transportation of raw materials, products and manpower--and the possibility of building the same size and type of capacities--modular system--in several locations must be ensured.

(2)--To secure the necessary products for the people and the necessary construction materials, the plan will envisage the development of small-scale industries within the cooperation system and people's councils mainly by making use of local raw materials and reusable resources.

Article 15 (1)--The length of time for carrying out investment projects--from the opening of the construction site to the commissioning of the project, including the period needed for technological tests, will be as follows:

A) Up to 9 months for investment projects whose execution designs will be approved by the collective leadership bodies of centrals and enterprises;

B) Up to 12 months for investment projects whose execution designs will be approved by the collective leadership bodies of ministries, and other central bodies and by the executive committees of the people's councils of the counties and of Bucharest Municipality.

C) Up to 24 months for investment projects whose orders will be approved by presidential decree.

(2)--For large-scale and very complex projects or projects that will be built under special conditions and projects whose execution cannot be undertaken except during certain periods of the year owing to their nature and peculiarities, a longer execution period than that specified in paragraph (1) will be required and will be approved along with the order.

Section II

Annual Investment Plan

Article 16 (1)--The annual investment plan will be drafted by the Council of Ministers and will be submitted for approval under conditions provided by law.

(2)--The annual tasks and provisions envisaged by the 5-year plan will be given definite shape and will be updated within the framework of annual plans on the basis of schedules for spacing investments and the economic contracts concluded and in conformity with material, human and financial resources and by taking into consideration the development of demand on the domestic and foreign market, as well as other factors which improve the initial plan provisions and bring about an increase in economic efficiency.

Article 17 (1)--The inclusion of investment projects in the annual plan will be done on the basis of approved orders for projects approved by presidential decree. In the case of investment projects whose orders are approved by the ministries, the other central bodies, the executive committees of the county and Bucharest Municipality people's councils and by centrals and enterprises, the inclusion in the annual plan will take place on the basis of major economic and technical indicators in the orders as approved by presidential decree.

(2)--Machines, equipment, transportation means and other investments of that kind--which are not included in the investment projects--as well as geological work, drilling, afforestation, planting, soil erosion prevention, pastures, lakes and ponds, land reclamation, land studies and research, design expenses and other work and expenses concerning investments in keeping with the law, will be included in the plan in separate lists. Those lists shall be submitted for approval along with the adoption of the single national plan and must be based on the justification of the need, the opportunity and the effectiveness and other factors characteristic of each position in keeping with the provisions of the present law. Those lists will be drafted by the ministries, the other central bodies and the executive committees of the county and Bucharest Municipality people's councils and will be approved by the State Planning Committee, the Ministry of Finance, the Ministry of Technical-Material Supply and control of the management of fixed assets and by the financing banks.

(3)--The bodies mentioned under item (2) will approve the inclusion in the annual investment plan of new machines, equipment, transportation means and other such investments only if the existing ones are used in keeping with planned indicators.

(4)--Housing construction--including trade units and sociocultural establishments, service units located in apartment houses and the related technical-urban and energy work--will be included in the annual plan on the basis of lists containing the number of apartments according to structure and county, height norms, areas designed for other than housing purposes and the total value according to categories of use by observing the town planning details approved by law.

Article 18 (1)--Investment volumes included in the annual plan will be established as follows: Total investment; construction-assembly, including construction and installation; equipment with assembly; equipment without assembly; and other expenses.

(2)--The amount of technical equipment in stock, or in the course of being assembled, at the end of the year is established by the annual plan for ministries, the other central bodies and the executive committees of the county and Bucharest Municipality people's councils.

(3)--The annual plan provisions for each investment project are based on the progress established in the investment timetables; in the case of projects underway, one should also take into consideration the preceding stages already carried out.

Article 19 (1)--The annual investment plan will distinctly specify investment projects which will be started in the coming years and for which the economic-technical documentation is to be drafted, and will also specify the deadline for submitting the orders and blueprints for approval. New investment projects which are not included in the 5-year plan shall be stipulated in the economic-technical substantiating notes specified in Article 11 item (3).

(2)--Investment holders and units of scientific research, technical engineering and design are dutybound to ensure the drafting and approval of the economic and technical documentation for such projects before the plan for the year in which a given project will be started has been drafted.

Chapter III

The Drafting, Endorsement and Approval of Economic and Technical Documentation

Section I

Standardization of Construction Work

Article 20 (1)--All types of construction work within the framework of investment targets which is underway in industry, transportation, agriculture and the other productive branches, as well as apartment houses, sociocultural and administrative establishments, is designed and executed on the basis of standard blueprints approved by the law and on the basis of endorsement by the Standardization and Typification Commission for Civil and Industrial Construction, the State General Inspectorate for Investments and Construction and the Central Institute for Construction Research, Design and Guidance.

(2)--The standard blueprints establish the areas and main proportions of the construction projects, the construction solutions, the consumption limits of construction materials and installations and the maximum limit of price estimates for the construction-installation work.

(3)--In drafting standard blueprints, one must see that they can also serve as blueprints for prefabricated parts which, when assembled, should be used for the same type of buildings of various sizes.

Article 21 (1)--The standardization of construction is performed in close connection with the standardization of production and equipment technologies, so that the size of buildings and of other construction will be strictly in keeping with the requirements for the proper development of the production process.

(2)--In the case of industrial construction, the size and height of halls and of the other production buildings will be established in strict conformity with the manufacturing process and the size of technological equipment and installations. One should try to occupy minimal areas of land, and especially to use land which is inadequate for agriculture and requires low foundation expenses, and take into consideration the amalgamation of buildings and functions, the placement of equipment outdoors, the ventilation and lighting of halls by making use of daylight and basing the size of thermo-insulators for construction on technological requirements.

(3)--For investment projects in industry and in the field of services, standard blueprints will be drafted for small-scale capacities to ensure a cutback in the transportation distances for raw materials and finished products, a judicious use of manpower and an effective adaptation of production to market requirements.

(4)--For investment projects in agriculture, animal breeding and irrigation and land improvement, standard blueprints will include simple construction solutions that make extensive use of local materials.

(5)--In the case of investment projects in the field of transportation, road sections will be standardized and solutions will be adopted which cut back the use of bitumen to the minimum and make extensive use of local materials, slag and ashes from thermo-electric power plants.

Article 22--For any kind of construction, only standardized construction materials, elements and installations will be used, as well as local materials and resources under such conditions as envisaged by law.

Article 23--The solutions adopted in standard construction designs must ensure construction with a minimum consumption of materials and energy, a reduction of its duration, a durability and stability of the construction, an increase in labor productivity in the design and execution of investments, the promotion of efficient technologies in the construction process and a reduction in weight and costs. They must ensure optimal conditions for operating and production processes and the achievement of maximum exploitation efficiency.

Article 24--The execution details of standard designs will be drafted by the scientific research units and by technological engineering and design units, strictly respecting the standard design provisions and will be approved by the Central Institute for Construction Research, Design and Guidance, for common construction for several branches, for apartment houses and for sociocultural and administrative establishments, and by the Ministry or the coordinating central body for construction in branches for which they are responsible.

Article 25 (1)--The ministries and other central coordinating bodies for branches are responsible for drafting and submitting for approval the standard blueprints necessary for investment projects in their fields of activity in conformity with the standardization plan which is part and parcel of the single national socioeconomic development plan.

(2)--Standard construction blueprints drafted by the ministries and other central coordinating bodies for branches, designed for projects in their field of activity, are compulsory for all units which have to design and carry out such projects, irrespective of their subordination.

(3)--Ministries, other central bodies, executive committees of the county and Bucharest Municipality people's councils, units for scientific research, technological engineering and design are dutybound to ensure the constant improvement of standard designs and the drafting of new ones in keeping with the standardization plan provisions.

Section II

Drafting Economic and Technical Documentation

Article 26--Economic and technical documentation for investment projects are the following: the order and the execution blueprints.

Article 27 (1)--The order establishes: the capacity expressed in physical units, the economic requirement and efficiency and the limits of economic and technical indicators of the investment project--compared with similar projects characterized by high economic-technical performance at home and abroad--the technology, the production profile, the product quality and characteristics, the length of time and stages of execution, the location, the kind of fuel used, the manner in which raw materials, fuels and energy are secured and a manner in which the products are marketed--at home and abroad--the maximum limit of raw materials specific consumption and the specific consumption of other materials, fuels and energy established on the basis of norms, regional cooperation and general plan elements and indicators.

(2)--The order will specify the standard construction designs according to which the component parts of the investment shall be built and, as may be the case, will specify the construction system according to which the new project will be built, as well as the conditions and ways of adapting them to the area. In special situations when the production processes, the location or other requirements make it necessary to use unique designs, this will have to be justified and approved for each case separately on the basis of an order.

(3)--The order will be issued by ministries, other central bodies, centrals, enterprises, other socialist units, the executive committees and bureaus of the people's councils and by units for scientific research, technological engineering and design. The drafting will be done in accordance with the 5-year plan provisions and will be based on the studies and updated elements envisaged in Article 11 of the present law.

Article 28 (1)--The execution blueprint is the documentation that gives technical details and supplies thorough and tangible solutions to the elements in the order.

(2)--In adopting the solutions included in the execution blueprint, one must ensure the improvement of economic and technical indicators and of the other provisions in the order.

(3)--For investment projects which consist of a production capacity system, one uses the execution blueprint of the capacity system adapted to the respective area.

(4)--The execution blueprint is drafted by the units for scientific research, technological engineering and design within the deadline envisaged in the approved order.

Article 29--In the course of drafting the execution blueprint, the overall designer, together with the ministries, the other central bodies, the executive committees of the county and Bucharest Municipality people's councils, the centrals and enterprises benefiting from investments and together with other units participating in the investment, will draft the following documents that will be forwarded along with the execution blueprint:

A) The investment spacing schedule that establishes the stages of construction-assembly work and the technological test runs in conformity with the length of time and deadlines for putting the planned capacities into operation;

B) Delivery schedules for equipment, through which delivery deadlines for machines, machine tools, equipment, installations and technological lines are established in accordance with the schedule for spacing, investments;

C) The manpower chart, which establishes the length of time and the way of recruiting and training the personnel required by the end-user for a normal utilization of the capacities;

D) The chart on fulfilling the key technical and economic indexes: production, labor productivity, costs and profits;

E) The program for checking the durability of the construction project established by the designer and end-user;

F) The documentation for acquiring and clearing the land required by the investment project and the organization of the worksite, and other documentation for obtaining the necessary approvals and endorsements envisaged by law.

Article 30, (1)--Execution blueprints for industrial investment projects contain manufacturing technologies which have been previously approved by law.

(2)--Scientific research, technological engineering and design units together with enterprises, centrals and ministries which are investment plan-holders and with equipment suppliers and the National Council for Science and Technology, are dutybound to continuously improve manufacturing technologies and to conceive new technologies and equipment of high quality and performance, so as to ensure industrial projects with low consumption of raw and other materials, fuel and energy at the level of the best achievements at home or abroad.

Article 31--The execution technologies, construction solutions and organizational plan of the worksite will be established by the general designer together with the general contractor and the main specialized subcontractors, during the drafting of the execution blueprint.

Article 32 (1)--The execution blueprints will envisage overall and construction solutions, as well as solutions for adjusting standard designs to the respective site, which should lead to reducing the volume, weight and costs of construction, as well as the size of the land occupied by the project; to ensuring low consumption of building materials, particularly those materials that consume energy; to assembling a large number of installations outdoors; to shortening the execution period; and to raising the efficiency of the operations.

(2)--The execution blueprints will adopt technologies, production flows and organizational systems for production and work which can ensure higher processing of raw and other materials, with minimal fuel and energy consumption, as well as high productivity, high-quality products, minimal expenditures and high efficiency.

Article 33--Ministries, other central and local bodies, centrals, enterprises and other socioeconomic units are dutybound--while drafting the execution blueprints--to examine the solutions adopted and see to it that they are in accordance with legal provisions, orders and technical regulations.

Article 34 (1)--Execution details and estimates for objects will be drafted by adapting standard designs to the terrain and to combined projects envisaged in the order, in strict accordance with solutions and stipulations included in the approved execution blueprint. The assembly-construction work will be carried out on the basis of standard and execution designs, including the specifications of the execution details, and will be discounted on the basis of execution estimates. Execution details and estimates will be drafted by scientific research, technological engineering and design units, and will be approved by the collective management body of the investment's end-user which, together with the designer, is responsible for the observance or provisions included in the approved execution blueprints.

(2)--In drafting execution details and estimates, the scientific research, technical engineering and design unit, together with the investment's end-user and the general contractor, can abandon several individual elements or can merge the elements envisaged in the execution blueprint, if by doing

this the technical-economic indexes and the functioning, working and utilization conditions are maintained or improved; if work security, hygiene, fire prevention measures, water utilization stipulations and environmental protection measures are observed; and if the modifications made contribute either to reducing the cost of construction and the consumption of scarce materials or to shortening the execution period. Likewise, the approved overall value and the assembly-construction value must not be exceeded.

Article 35--The framework content of the order and of the execution blueprint, as well as the necessary endorsements for their drafting, are specified in annexes No 1 A to D and No 2.

Section III

The Endorsement and Approval of Technical-Economic Documentation

Article 36 (1)--The orders and execution blueprints will be examined in technical-economic councils or commissions, and will be discussed and approved by the management councils of ministries and other central bodies, by the working people's councils in centrals and enterprises, and by the executive committees and bureaus of the people's councils, as the case may be, according to provisions of the law.

(2)--The collective leadership bodies envisaged in item (1) are responsible for the content of orders and execution blueprints, for obtaining the approvals and endorsements envisaged by law, and for observing legal provisions, the approvals and agreements received and the final endorsements.

Article 37 (1)--Orders for important investment projects will be approved by presidential decree, for each individual project. Orders will also be approved by the collective management bodies of ministries, by other central bodies, centrals and enterprises as well as by the executive committees of the people's councils of the counties and of Bucharest Municipality for other projects, in accordance with the areas of jurisdiction included in annex No 3.

(2)--For investment projects whose orders are within the jurisdiction of ministries, other central bodies, the executive committees of the people's councils of the counties and of Bucharest Municipality, centrals and enterprises, the Council of Ministers will submit for approval the technical-economic indexes included in the orders, according to annex No 4. The investment lists, including the main technical-economic indexes, will be drafted by ministries, other central bodies and the executive committees of the people's councils of the counties and of Bucharest Municipality, and will be submitted for approval after their examination by the council for coordinating investment activity.

Article 38 (1)--For investment projects whose orders are approved by presidential decree, the execution blueprints will be approved by the Council of Ministers. If they do not conform to technical-economic indexes stipulated by the approved order, the execution blueprints for these projects will be submitted for approval by presidential decree.

(2)--For other investment projects, the execution blueprints will be approved according to the areas of jurisdiction included in annex No 3. If the execution blueprints do not conform to technical-economic indexes approved by presidential decree, the technical-economic indexes of the respective investment projects will be submitted for approval of presidential decree.

Article 29 (1)--Orders and execution blueprints which are approved by presidential decree must previously be endorsed by the Council of Ministers at the proposal of the council for coordinating investment activity. The execution blueprints which are approved by the Council of Ministers must be previously endorsed by the council for coordinating investment activity.

(2)--Orders and execution blueprints envisaged in item (1) will be examined by the council for coordinating investment activity on the basis of the single endorsement of the State Planning Committee, the Ministry of Finance, the Ministry of Technical-Material Supply and control of the management of fixed assets, the National Council for Science and Technology, the State Committee for Prices, the General State Inspectorate for Investment Construction and for financing banks and, as the case may be, the Ministry of Foreign Trade and International Economic Cooperation and the committee for people's councils' affairs.

(3)--Orders and execution blueprints which, according to provisions of annex No 3 of the present law, are approved by ministries, other central bodies, the executive committee of the people's council of the counties and of Bucharest Municipality. Centrals and enterprises will be previously endorsed by the financing banks.

(4)--Execution blueprints within the competence of ministries, other central bodies and the executive committees of the people's councils of the counties and of Bucharest Municipality will be approved by these bodies only after the General State Inspectorate for investment construction and industrial technologies and the National Council for Science and Technology have checked the construction solutions.

(5)--The single endorsement, respectively, the endorsement of the financing banks, will be granted within 15 days for orders and 20 days for execution blueprints.

(6)--Execution blueprints which are attained on the basis of prefabricated parts, as well as execution blueprints of projects that are fully attained on the basis of standard designs, will no longer be submitted for endorsement if their value and other technical-economic indexes are in accordance with provisions included in the order or in the investment lists as stipulated in Article 37 item (2), as the case may be. They will be approved by the collective management body of the investment's end-user.

(7)--Lists including machines, equipment, transportation means and other investments, as stipulated in Article 17 item (2), will be substantiated on the basis of elements in annex No 5. Before being submitted for approval, the lists will be endorsed by the collective leadership bodies of ministries, other central bodies and the executive committees of the people's council of the counties and of Bucharest Municipality.

Article 40--Ministries and other central and local bodies which must endorse certain technical or economic data in the orders and execution blueprints, and provide design elements for the new investment projects--concerning the location, utilities, raw materials, fuels and energy, product sales, railroads and roads, the occupation of lands and other elements--are obliged to reply to requests for endorsement or provide the necessary elements during the process of drafting orders and execution blueprints, within a maximum of 15 days from receipt of the requests, if the law does not stipulate another deadline.

Article 41--After the approval of the orders and investment lists as stipulated in Article 37 item (2), one must proceed to finalizing the execution blueprint, coordinating the contracts on domestic deliveries and contracting imports of long-life, standardized or renewable equipment, under conditions envisaged by law.

Article 42--The approved execution blueprint represents the technical-economic documentation on whose basis one ensures, according to provisions of the law:

- A) The coordination of assembly-construction contracts;
- B) The coordination of contracts on internal equipment deliveries and the conclusion of contracts on imports of equipment other than those stipulated in Article 41;
- C) Beginning financing for the investment project and beginning assembly-construction work, with the fulfillment of other conditions established by law.

Chapter IV

Attaining Investments

Article 43--Implementation of any investment will be carried out only if it is envisaged by plan and only if the execution documentations, technological equipment and all other conditions necessary to commission it by the planned deadline are ensured, including the approvals for demolition or replacement of fixed assets, for fuel utilization and for taking lands out of the agricultural circuit or the forestry stock, as well as other approvals required by law.

Article 44 (1)--In order to implement the investment projects, the end-users will conclude economic contracts with overall designers, technology suppliers, general and other equipment suppliers, as well as with general contractors and specialized subcontractors, in accordance with provisions of the law.

(2)--The contracts will establish the obligations and responsibilities of the parties, execution deadlines and penalties and reparations for nonexecution of commitments assumed. The contract provisions must ensure attaining the planned investment and assembly-construction volume as well as commissioning the capacities by the deadlines envisaged by the plan.

(3)--In coordinating contracts, the end-users, the scientific research, technical engineering and design units, the assembly-construction units and the equipment suppliers are dutybound to observe exactly deadlines for completing the execution documents and delivering the equipment, as well as execution deadlines for assembly-construction work, as established in the approved timetables.

Section I

Ensuring Blueprints for Investment

Article 45 (1)--Investment project end-users are dutybound to conclude contracts for drafting the necessary technical-economic documentation of an investment project with a single design unit, which will fulfill the function of overall designer.

(2)--The overall designer is a unit of scientific research, technical engineering and design, which has the task of drafting all technical-economic documentation on whose basis an investment project is attained. The overall designer is responsible for observing the technical and economic solutions envisaged in the documentation, according to legal provisions, for supervising their implementation until the approved indexes are attained, and for completing the documentation by the deadlines envisaged in the economic contract concluded with the investment project end-user.

(3)--In order to draw up certain parts of the technical-economic and blueprint documentations, which fall within the specialized sphere of other design units, the overall designer will conclude contracts with the respective design units, which will have the function of specialized designers. The specialized designers are dutybound to conclude design contracts for activities falling within their sphere, with deadlines correlated to the final deadline established in the contract concluded between the overall designer and the investment project end-user, and are responsible for the adopted solutions.

(4)--For investment projects of less complexity, the end-users can draft technical-economic documentation for parts of these documents with their own means.

(5)--The overall designer can conclude contracts with the assembly-construction unit to draft certain parts of the execution blueprints, as well as execution details and estimates. In this case, the assembly-construction unit has the function of specialized designer for the contracted design activities.

Article 46 (1)--For important investment projects, the ministries and other central and local bodies with subordinated scientific-research, technical engineering and design units will appoint the head designer and the collective of designers, ensuring stability and conformity in the design activity. They will be responsible for the entire design activity until the commissioning of the capacities and the fulfillment of the approved indexes.

(2)--The collectives of technical engineers and designers will conclude contract-commitments, according to annexes no 6 and 7,

Article 47 (1)--All data concerning the production capacity and profile, the technology, functioning and location, the operational conditions of the new project, the technical-economic limit indexes and other data required by the designer to draft the contracted technical-economic document will be made available to him by the investment project's end-user, by deadlines envisaged in the contract.

(2)--The designer is dutybound to draft and complete the necessary documentation under conditions envisaged in the contract and the investment timetable, and to check, on the spot, their implementation and the quality of work.

Article 48--The delivery of execution details and estimates for the entire assembly-construction envisaged in the plan to the assembly-construction units will be made according to the schedule of the technical execution work as established in investment timetables, within the following deadlines:

A) At the latest, up to the end of the first half of the year preceding the year envisaged in the plan, for investment projects that continue from the previous year;

B) At least 6 months before the start of the execution of work, for new investment projects.

Article 49--Scientific research, technical engineering and design units are also responsible for drafting the contents of technical-economic documentation for investment projects, and have the following main duties:

A) To ensure the overall concept of the designed project, as well as being responsible for the level of technical-economic indexes, for the possibility of attaining these levels, for the economic efficiency of the designed capacities and units, for the solutions adopted and for implementing technical and economic directives and stipulations;

B) To adopt modern technologies, equipment, machinetools, installations and technological lines, mainly standardized, which can ensure greater efficiency, high labor productivity and low energy consumption;

C) To establish, together with assembly-construction units, rational overall solutions and the latest and most efficient construction solutions, which can ensure the durability, stability and safety of the finished project, and reduce material, fuel and energy consumption as well as the execution time;

D) To provide technical assistance throughout the execution of the assembly-construction work, during test runs and the commissioning of the capacities, and in the stages of attaining the approved technical-economic indexes.

Section II

The Execution of Assembly-Construction Work

Article 50 (1)--The assembly-construction work for investment projects will be executed by assembly-construction units appointed as general contractor or specialized subcontractor.

(2)--For the execution of operations or parts of operations which are not within their specialized field, general contractors may conclude contracts with subcontractors that are subordinated to the same hierarchically higher body. The deadlines stipulated in these contracts will be correlated to deadlines stipulated in the investment timetable and in the contracts concluded with the investment end-users.

(3)--The general contractor is the assembly-construction unit which has the task of ensuring completion of the assembly-construction operations of a given project according to plan tasks, on the basis of the overall contracting arrangement concluded with the investment end-user. The general contractor is responsible for the execution of operations with its own forces, and for the coordination of those operations carried out by subcontractors. He is also responsible for completing work by deadlines established in the contract, in accordance with provisions of the technical-economic documentation.

(4)--Centrals and enterprises, which are the recipients of investment projects, are obliged as a rule to carry out--with their own forces and under state supervision--assembly operations and construction work, to reequip existing capacities, and to execute other current construction operations and technical installations within the respective units, as well as less complex operations in the agricultural field.

Article 51 (1)--The coordinators of industrial areas or platforms, their general contractors and the overall designers in charge of the coordinating organizational blueprints, are established by presidential decrees of approval for the respective areas or platforms, on the recommendation of the executive committees of the people's councils of the counties or of Bucharest Municipality, with the agreement of ministries and other interested central bodies, the State Planning Committee and the committee for people's councils' affairs.

(2)--The function of coordinator will be given, as a rule, to the executive committee of the people's council of the county or of Bucharest Municipality, in whose territorial sphere the respective industrial area or platform is located.

Article 52--The industrial area or platform coordinator will organize and supervise the correlated and uniform fulfillment of investment projects. Together with the investment project end-users in the given area; he will establish the type and value of facilities of common interest--connected or in common usage--will see that they are included in the plan and will ensure the necessary economic-technical documentation in correlation with the deadlines of the operations they serve and in keeping with the coordinating area or platform timetable.

Article 53 (1)--The performance of construction-assembly work for all projects located in a given industrial area or platform is ensured on the basis of a coordinating organizational blueprint.

(2)--The coordinating organizational blueprint, drafted by the general designer of a given industrial area or platform, establishes as follows: a single production base for the overall area or platform; a stable base

for equipment and means of transportation; single storage and socioadministrative annexes which shall be jointly used both by the general contractor, the specialized units working with him under a subcontract and by the specialized subcontractors.

Article 54--Organizational work is performed in keeping with the provisions of the worksite's organizational blueprints and within the limits of funds allocated for this purpose in the general estimate, which should not be exceeded or used for financing other work and other expenses.

Article 55--For the normal progress of work on worksites, end-users are duty-bound to ensure--in keeping with deadlines and conditions envisaged in timetables--the handing over of locations, blueprints, execution details and estimates, the equipment and materials they are in charge of, the financing and settlement of accounts for work performed and the other conditions envisaged by law.

Article 56--The investment project end-users, units for scientific research, technical engineering and design and units for construction-assembly will organize and space out the work on worksites, so that during the winter only indoor work or outdoor work that does not require fuel for heating, will be performed.

Article 57 (1)--The savings achieved by the construction-assembly units by their own efforts, resulting from improvements in solutions envisaged in the execution blueprints and details, and savings from execution technologies or other rationalization accepted by the general designer and by the end-user shall be reflected in the economic-financial activity of construction-assembly units.

(2)--Savings must be achieved while observing the functionality, exploitation and labor safety, product quality, and approved economic, technical indicators and only if certain materials are not replaced by other energy-intensive materials. Savings shall be established in keeping with the execution estimates for various projects.

Article 58--The construction-assembly units are responsible for the performance of work in keeping with deadlines and the product quality envisaged in the economic-technical documentation, and have the following main duties:

A) To cooperate when drafting execution blueprints, details and estimates with the units for scientific research, technical engineering and design, and with the investment end-users in establishing construction solutions, execution technologies, solutions for organizing the worksite and in drafting investment timetables;

B) To draft details of the worksite blueprint for those tasks specified by the execution blueprint, thus ensuring the judicious utilization of the means envisaged for this purpose;

C) To carry out construction-assembly work in conformity with the investment timetables, with the duties assumed under contracts and respecting the construction solutions approved in the economic-technical documentation and the construction norms and laws, as well as ensuring good quality work.

D) To ensure that material consumption norms are not exceeded and that they are constantly cut back by applying adequate technologies, by proper management on workites and by making extensive use of local materials;

E) To organize and ensure the proper progress of production processes and of work on workites, and to utilize construction equipment and transportation means with maximum efficiency;

F) To draft and apply modern technologies in construction-assembly work, so as to increase labor productivity, improve work quality, shorten execution deadlines and ensure labor safety on workites;

G) To organize quality control throughout the execution time and to bear responsibility for the quality of work performed.

Article 59--The units which perform the assembly of technical equipment are dutybound to carry out mechanical tests--before, during or after the assembly work is completed--in keeping with assembly provisions, technical rules and the provisions stipulated by the economic-technical documentation. They are also dutybound to test-run the technical equipment for the period of time requested by the supplier or by technical rules in order to check the operation of the various components and to ensure the parameters established on the basis of the technical conditions of the equipment.

Section III

Securing Equipment for Investments

Article 60--The equipment, machines, outfits, installations and technological lines, including precision instruments, which are necessary for investment projects--termed as equipment by the present law--will be ensured by the investment end-users and on such deadlines as will ensure fulfilling the investment volume and commissioning the production capacities in keeping with plan provisions.

Article 61 (1)--If, for achieving an investment project, it is necessary to use complex accessories--equipment, outfits, installations and technological lines--they will be ensured by the general supplier with whom the end-user concludes a single contract. In the case of the other equipment, the end-user will conclude contracts with the suppliers manufacturing the given equipment.

(2)--The general suppliers and other suppliers--termed as suppliers in the present law--are responsible for the delivery of equipment by respecting the deadline envisaged in the contracts and on the basis of equipment delivery timetables. The end-users are obligated to ensure that--between

the time of its being supplied and that of handing it over to be assembled--the equipment is stored on the worksite within the norms envisaged by law.

Article 62 (1)--Suppliers are obligated to ensure the delivery of equipment with established qualitative parameters, for which purpose they will carry out all tests envisaged in the standard economic-technical documentation, standards, task notebooks and others as envisaged by law.

(2)--To ensure conditions for machining equipment, the end-user is obligated to furnish the supplier with the equipment blueprints in keeping with the contract deadline, or to acquire them if they were drafted by the supplier.

(3)--The equipment necessary for achieving investment projects will be submitted for approval under conditions envisaged by the plan.

(4)--To achieve short assembly times on worksites, suppliers are obligated to ensure the assembly of component parts for complex equipment in the plant in conformity with the technical documentation provisions, to verify whether they strictly meet the planned technical and quality norms, and to efficiently participate in their assembly on the worksite.

Article 63 (1)--Equipment suppliers are obligated to render technical assistance in equipment assembly, in carrying out technological tests and in commissioning production capacities. They are obligated to remedy defective equipment during the test period and within warranty terms.

(2)--Equipment suppliers will ensure the delivery of spare parts and train the personnel that will work with that equipment.

Article 64--The contracting of imported equipment can be concluded only if that equipment cannot be obtained from domestic production and if it has been approved in keeping with the law.

Article 65 (1)--The case of imported equipment, which has been approved in keeping with the law, the ministries, other central bodies, executive committees of the people's councils of the counties and Bucharest Municipality, together with the equipment suppliers, the general designer and the foreign trade enterprises will see that the contracts on imported equipment include firm obligations by suppliers, such as: delivering the documentation for spare parts and special materials, and delivering the apparatus necessary for manufacturing the envisaged equipment at home; ensuring technical assistance and training personnel; ensuring the testing of operating equipment at the supplier's place or in other enterprises abroad, as the case may be, in keeping with obligations envisaged by law; and demonstrating the achievement of the economic-technical parameters of the given equipment.

(2)--Contracts will be concluded on the basis of the contract order envisaged in annex 8 and the import applications and technical cards which are endorsed and approved in conformity with conditions envisaged by law.

Section IV

Commissioning Investment Projects

Article 66 (1)--Commissioning production capacities takes place on the date on which the overall work, the equipment and installations of the production capacity meet the level of production and activity and the other commissioning indicators envisaged in the timetable, the product variety and product quality are as envisaged in the documentation, and the conditions of full operability and equipment security exist. The end-users are obligated to ensure the observance of deadlines for commissioning projects.

(2)--Commissioning production capacities will be performed only after the completion of test runs and after a normal work process and the standard operational conditions have been secured in keeping with the law. End-users are responsible for the preparation and complete and correct performance of test runs on schedule.

(3)--The end-users will carry out test runs after taking over the equipment, installations and work from the general contractor--on the basis of acceptance documents--which determine the commissioning of the production capacity.

(4)--Investment project end-users and construction-assembly units are obligated to prepare waste-water purification stations and other installations stipulated in the approved technical-economic documentation for the purpose of environmental protection by the time of the test runs or simultaneously with the commissioning of the facility.

Article 67--Investment end-users are obligated to complete the formalities of taking over equipment and installations that can be put into operation independently and to commission them--if they are justified from an economic viewpoint and even if work has not been fully completed--and ensure equipment and installation security and normal operating conditions.

Article 68--Investment end-users are obligated to ensure training of the working personnel needed for the new investment projects in conformity with the timetable provisions for ensuring manpower, which are included in the execution blueprints. The training of personnel is carried out in existing similar units by participating in the production process and on the basis of appropriate remuneration for work performed.

Article 69 (1)--Hiring, using and remunerating the labor force by the investment end-users--during the execution period and up to the beginning of production--will take place in accordance with the law, so that at no time are more workers employed than the number stipulated in the timetable for each of the execution stages.

(2)--Production personnel will be hired corresponding to the beginning of test runs or in keeping with production by strictly observing hiring schedules and the planned remuneration fund.

(3)--In cases in which execution and test runs are delayed, compared with the investment timetable provisions, or in case production is not fulfilled at planned parameters, the economic units are obligated to take measures so that the workers are used for construction at similar units or in other units in other sectors of activity.

(4)--Technical, economic and other specialized and administrative personnel--from the operational apparatus--may be hired at the beginning of the building of an economic unit only while keeping within the number of personnel approved in the construction documents. Such personnel may be further employed only in keeping with production fulfillment and in conformity with the timetable.

(5)--Technical personnel and other specialized and administrative personnel can be employed in keeping with provisions of the standard organizational program of the unit and only after all economic-technical indicators have been approved.

(6)--Financing banks are obligated to exert preventive and strict control over how the given remuneration fund for working personnel is used. They shall make the remuneration fund available only in keeping with requirements imposed by the execution stage of investment projects.

Section V

Taking Over Investment Projects

Article 70 (1)--Investments will be taken over by appointed acceptance commissions which verify the overall fulfillment of projects and of the investment project as a whole in conformity with the approved economic-technical documentation. They will confirm the completion and quality of construction work and installations, the normal operation of the technological equipment and installations and the fulfillment of all conditions to commission the facilities and achieve the approved technical-economic parameters.

(2)--The acceptance commission is responsible for the takeover and decides whether to accept or reject the project.

(3)--For investment projects whose execution blueprints are approved by presidential decree, the acceptance commission will be appointed by the Council of Ministers. In the case of the other projects, the acceptance commission shall be appointed by the body that approved the execution blueprints.

(4)--For very important investment projects, the acceptance commission chairman shall be appointed from among the leading cadres in ministries, other central or local bodies of the state administration and the commission shall include men of science, engineers, foremen and highly skilled workers, from among those who form the basic nucleus of the personnel taking over the project and from among other specialists.

(5)--The acceptance commission may not include members of the design, execution and guidance collective, equipment supplies' representatives and personnel from ministries, other central and local bodies, from centrals and investment end-user's personnel who participated directly in building the project.

Article 71 (1)--Investment projects takeovers will be performed in the following stages:

A) Takeover of construction-assembly work that is carried out in two phases in accordance with conditions envisaged in the approved economic-technical documentation and the technical specifications to include,

--A preliminary acceptance which takes place throughout the construction of the investment project as component objects or projects parts that can function independently are completed and after dry runs and breaking in installations and technological equipment--when necessary--in the completed part of the project; housing, sociocultural and administrative construction are subject to preliminary acceptance only if they have water, heating and power connected, elevators, if there is a completed sewage and road system and if the areas earmarked for shops, public catering and services to the people in the given project are finished;

--Final acceptance that takes place at the end of the construction-assembly work warranty period;

B) Acceptance and commissioning of production capacities that take place at the completion of test runs and are designed to verify that conditions exist for normal operation of equipment and technological installations, to ensure fulfillment of the parameters envisaged in the timetable, to ensure product quality in conformity with the execution blueprints and to ensure achievement of other conditions envisaged in the approved economic-technical documentation. In the case of housing construction, sociocultural and administrative establishment, commissioning is done on the basis of a preliminary acceptance of the construction-assembly work;

C) Final acceptance of the investment project will take place when economic-technical parameters are achieved and it is designed to verify fulfillment of the approved economic-technical parameters and fulfillment of all conditions that will ensure the normal, efficient and complete exploitation of the investment project in keeping with the endorsed economic-technical documentation.

(2)--The investment projects, which do not include production capacities, will be taken over completely after the final acceptance of the last investment project part, at which time the overall project and its parts will be checked so as to establish how it will behave in operation.

Article 72--The final acceptance documents will be submitted for approval to the same bodies that appointed the acceptance commissions.

Article 73 (1)--With the commissioning of production capacities and of the other projects in the material production area, investment project work will be concluded and production or planned services will begin; for all other projects investment activity is concluded when they are put into operation.

(2)--After the commissioning of production capacities and projects the only work that may be continued and the only expenditures that may be incurred are those specified in the general estimate stipulated in the acceptance documents for the commissioning, which have no influence on the normal operation of the production capacity or project.

Chapter V

Major Repairs

Article 74 (1)--Major repairs are operations performed on fixed assets when each operational cycle envisaged in technical norms for the repairs of fixed assets has expired; they are designed to ensure preservation of the economic-technical characteristics of fixed assets throughout the duration of normal service.

(2)--Major repair includes overhaul of equipment and technological installations and their modernization whenever possible and economical, so as to improve economic-technical performance in keeping with similar types manufactured at the time of the major repair, so as to increase profitability, cut back energy and raw material consumption, increase the degree of automation and production capacity, and improve product quality.

(3)--In the case of major repairs on houses, special construction, equipment, installations, transportation means and other fixed assets the provisions of the present chapter will be taken into account, as well as those of the technical norms for the repair of fixed assets envisaged by law.

Article 75 (1)--The tasks for major repairs shall be included in the annual plans, in special lists, in accordance with the operational cycles of fixed assets envisaged in technical norms concerning repair and the need to perform such repairs when they fall due; the plan also establishes--classified by plan holders--the total volume of major repairs on the basis of time-tables for construction and equipment.

(2)--The lists shall be submitted for approval along with adoption of the single national plan and they are based on the justification of the need, opportunity, efficiency and other elements applying to each case.

(3)--The lists are drafted for ministries, other central bodies and executive committees of the people's councils of the counties and of Bucharest Municipality, for centrals and enterprises and include cost of work, the executors, deadlines for major repairs on major technological equipment, on buildings and construction and on groups of more important standardized equipment.

(4)--The stages and manner of drafting and approving plans for major repairs and general overhauls are those envisaged in the law on Romania's planned socioeconomic development.

Article 76--Technical-economic documentation envisaged by law for major repairs will be drawn up by departments of units that are holders of fixed assets or, as the case may be, by specialized units; such documentation will be approved by the collective management bodies of those units, while observing the provisions of technical norms for repairing fixed assets.

Article 77 (1)--The necessary expenses for timely and high quality execution of major repairs, established in accordance with the provisions of technical norms for repairing fixed assets, will be included in the plans for major repairs and in income and expenditure budgets. For budgetary units, the necessary funds will be ensured according to the income and expenditure budget.

(2)--The expenses for major repairs will be included in production and services costs or in circulation expenses, as the case may be, in accordance with law.

(3)--In order to avoid uneven charging of yearly production costs, expenses for major repairs of certain important installations may be spaced in annual quotas in accordance with the cycle of major repairs; plan holders will also present the list of such installations along with annual plan provisions.

Article 78--Cost savings and profits attained by state economic units as a result of nonexecution of planned major repairs will be considered as attained without their own efforts and will not be taken into account when establishing material incentives granted on the basis of fulfillment and overfulfillment of planned profits.

Article 79 (1)--The ministries, other central and local bodies of state administration, industrial centrals, enterprises and other units are obligated to ensure the timely and proper execution of all major repairs envisaged by the plan. For this purpose they will ensure the development of major repair facilities in enterprises that are holders of fixed assets, development of the capacity of enterprises specializing in repairing machines and equipment and the expansion and diversification of the network of specialized enterprises for major repairs of various categories of equipment.

(2)--Major repairs of machine tools and equipment of general use will be carried out in a centralized way, per geographic zones, ministries, industrial centrals or groups of enterprises.

(3)--The industrial centrals which coordinate the activity of equipment-producing enterprises, as well as those that are in charge of various enterprises possessing important machines, equipment and technological installations, will ensure the necessary technical assistance to carry out proper major repairs within planned deadlines.

Article 80 (1)--Ministries, industrial centrals and enterprises that manufacture machines, equipment and measurement and control installations and appliances as well as those cooperating in producing such machinery are obligated to supply spare parts and subassemblies for the repair and maintenance of the respective fixed assets, in the quantity and quality established by law.

(2)--In contracting for imports of machines, equipment and installations, the end-user units are obligated to ensure by contract the necessary spare parts for the first fitting as well as the technical execution documentation for spare parts which will be manufactured in our country. The responsibility for manufacturing at home the necessary spare parts to repair important machines, equipment and installations devolves on the end-users, which, together with the Ministry of the Machine Building Industry, will draw up assimilation programs for that purpose and will ensure the production of the necessary spare parts in their own departments or, as the case may be, through cooperation with other economic units.

(3)--For mass-producing machines and equipment and for parts of technological installations subject to greater wear and tear during operation, subassemblies which can replace the used ones during major repairs will be ensured on time, after which the used subassemblies will be repaired and prepared for reutilization at the next major repair.

(4)--Repair units and balance coordinators, together with ministries and other central and local bodies are obligated to ensure the maximum reconditioning of used spare parts resulting from major repairs or from dismantling fixed assets no longer in use.

Article 81--The acceptance of major repairs will be made by acceptance commissions appointed by collective management bodies of the next higher body. Acceptance commissions, along with repair units, are responsible for the quality of repairs, which must ensure the normal operation of fixed assets for the entire period, in accordance with standardized cycles of major repairs.

Article 82--The State Planning Committee and the minister of technical-material supply and control of the management of fixed assets, together with plan holders and balance coordinators for spare parts will include in their draft plans the tasks and necessary means for major repairs as well as the production of necessary spare parts for their execution.

Article 83--The Ministry of Technical-Material Supply and Control of the Management of Fixed Assets will exert control over the way in which enterprises, centrals and ministries carry out their tasks of planning and ensuring capacities for repairs and spare parts and executing proper major repairs on a timely basis.

Chapter VI

Financing Investments and Major Repairs

Article 84 (1)--Financing investments will be accomplished in accordance with and by strictly observing the law.

(2)--Investments envisaged in the single national plan for socioeconomic development will be financed from funds set up by investment end-users, according to provisions of the income and expenses budget and the law.

(3)--For each investment project, operation or expense, the investment plans will provide for the funds from which they are to be implemented or financed.

Article 85 (1)--Ministries, other central and local bodies, centrals and state enterprises and institutions are dutybound to ensure that, when including investment projects and operations in the plan, they will have the necessary resources for their continuous financing, according to investment timetables and plan provisions and that after commissioning they will have the funds to repay the sums received, according to the principle that funds advanced by society must be returned.

(2)--The distribution of monetary funds for new investment projects will be made only after ensuring the necessary financial means for commissioning the capacities and units envisaged in the respective yearly plan and for attaining the stages envisaged in the investment timetables of other projects under construction.

Article 86 (1)--The necessary funds to finance investments will be set up in specialized banks and will be used under their supervision.

(2)--New expenditures and contracts for investment operations or deliveries, regardless of the nature, volume, or financing source, will be forbidden unless the investment project was included in the single national plan for socioeconomic development, unless its resources are ensured according to the income and expenses budget and unless it has the necessary documentation envisaged by law.

Article 87 (1)--The start of financing and executing the investment project will be approved, at the request of the investment holders and end-users only if all necessary conditions envisaged by law for their attainment at the established deadlines are ensured.

(2)--The approval for the start of financing and execution will be granted by:

A) The Council of Ministers, for investment projects whose execution blueprints are approved by presidential decree, by the Council of Ministers, ministries, other central bodies and the executive committees of the people's councils of the counties and of Bucharest Municipality;

B) The investment coordination council, for investment projects whose execution blueprints are approved by centrals and enterprises.

(3)--Checking on implementation of legal conditions to start the financing and execution of operations will be made in accordance with provisions of Annex 9.

(4)--The banks will agree to finance investments only if legal conditions are fulfilled.

(5)--It is forbidden to begin operations, that is, to incur expenditures, before the banks have given their agreement to finance the project.

Article 88 (1)--Payment for assembly-construction operations and other investment expenditures will be made step by step, according to their effective execution, and by strictly observing yearly volumes established by plan and the provisions included in the endorsement documents and the technical-economic documentation of the investment, within the limit of the established funds.

(2)--The financial-banking bodies will also check that:

A) The value of the designed operations was established on the basis of legally approved fee; that standard blueprints and other recommendations on the blueprint, included in the approved orders, were applied to the respective operations;

B) The assembly-construction operations are carried out in accordance with the approved execution blueprints and with the approved execution details and estimates and with norms and standards in effect;

C) The equipment was acquired within the volume established in the plan and the income and expenses budget, by observing the established length of time from its delivery to the end-user until its assembly;

D) The remuneration fund for the personnel required by the new investment projects is used according to law and the plans to ensure the necessary manpower, in keeping with the effective execution stages reached by the investment project at a given time.

Article 89 (1)--After commissioning or putting into operation the planned capacities, the banks, together with the investment end-users and the general or specialized contractors, as the case may be, will check, on the basis of approved delivery reports, the estimate of the fixed assets submitted to amortization and the legality of expenditures still to be made after the commissioning of the project; they will also establish the date of closing down the worksite and ending the financing.

(2)--After the deadline for ending the financing has expired, the banks will no longer finance any investment expenditure and the monetary funds still available will be transferred to the plan reserves and, as the case may be, to the budgetary reserves.

Article 90--The banks will finance major repairs on the basis of the major repairs plan, the income and expenses budget and the technical documentation drafted and approved according to existing norms.

Chapter VII

Prerogatives, Responsibilities and Sanctions

Section I

Prerogatives and Responsibilities

Article 91 (1)--The Council of Ministers, which is the supreme body of state administration, exerts overall leadership over executive activity and is responsible for implementing the party policy in the field of investments.

(2)--In exerting its prerogatives, the Council of Ministers will organize the execution of the investment plan and will establish measures for ministries, other central bodies, people's councils of the counties and of Bucharest Municipality in order to ensure fulfillment of the provisions of 5-year and annual investment plans.

(3)--The Council of Ministers will systematically check implementation of the investment and commissioning plans, will periodically examine fulfillment of established tasks and will take measures to mobilize reserves and fully implement plan provisions.

(4)--Likewise, the Council of Ministers will take measures to attain strict savings, reduce consumption, strictly observe order and discipline, ensure good management of and high responsibility for the timely and proper execution of the entire investment program and combat any waste in the investment activity.

Article 92 (1)--The investment coordination council will examine and ensure that the technical-economic documentation of investment projects submitted for approval strictly observe the directives, principles and norms envisaged by law and that the tasks and measures established by the party-state leadership concerning investments and construction are firmly applied.

(2)--The investment coordination council will participate in drafting the investment plan, will control the preparation of investments and will establish or propose, as the case may be, measures to be taken by the end-user, designer and builder capable of creating the necessary conditions to begin and implement the projects, according to plan provisions.

(3)--Likewise, the investment coordination council will approve the design programs of design units and will be responsible for ensuring that documentation is delivered according to deadlines correlated to those included in the investment and commissioning plans and that design units are used to full capacity.

Article 93--The State Planning Committee is responsible for the overall economic coordination of activities to prepare, draft and substantiate the investment and major repairs plan and for including in the plan the tasks and projects that ensure harmonious and efficient development of the national economy, better utilization of natural resources and rational use of manpower. It has the following main functions:

- A) To prepare the investment plan and to ensure, in accordance with the plan provisions, the necessary material, financial and human resources to smoothly carry out investment activities, to commission the units by planned deadlines and to fulfill the approved technical-economic indexes as soon as possible;
- B) To draft, together with ministries and other central bodies, norms and standards concerning the indexes for efficient utilization of investment funds;
- C) To exert continuous control over fulfillment of tasks and projects included in the plan and to establish or propose measures to implement plan provisions.
- D) To endorse technical-economic documentation for investments, to examine their value and usefulness, to check that the technical-economic indexes conform to plan provisions and to ensure the increase in the economic efficiency of investments;
- E) To check that conditions are ensured for domestic and foreign marketing of production.

Article 94--The National Council for Science and Technology is responsible for the orientation of scientific research and technological engineering to ensure the broad promotion of scientific-technological progress in implementing investment projects, improving manufacturing technology and the quality of products and raising economic efficiency; it has the following main functions:

- A) To coordinate, throughout the economy, research activity, technological development and promotion of technological progress in all branches of the national economy;
- B) To check the technical level of technological engineering documentation and all equipment;
- C) To see to it that investment projects are designed and implemented by applying scientific achievements and new technology and equipment and that their technical and qualitative level is continuously improved;
- D) To coordinate the activity of standardizing technology and equipment, thus ensuring that they attain technical, functional and economic performance at the level of the best achievements at the world level.

Article 95--The Ministry of Technical-Material Supply and control of the management of fixed assets will participate in drafting and substantiating investment plans and has the following main functions:

- A) To control and ensure intensive utilization of production capacities and built-up areas and to take measures to increase their utilization indexes;**
- B) To ensure coordination by plan of materials and equipment required by investments together with the State Planning Committee, ministries, other central bodies and balance coordinators;**
- C) To endorse technical-economic documentation for investments and to decide on consumption of raw and other materials, fuel and energy, on the utilization level of production capacities and on securing spare parts and equipment;**
- D) To exert control over utilization, maintenance and repair of equipment and other fixed assets;**
- E) To participate in substantiating and drafting the plan for major repairs;**
- F) To check that conditions are met for production marketing at home and abroad.**

Article 96--The Ministry of Finance has the following functions and responsibilities in investments:

- A) To participate in preparing, drafting and substantiating investment plans;**
- B) To ensure through the centralized financial plan and state budget the necessary financial resources to implement the investment programs; to oversee and to take or advance measures to implement these plans;**
- C) To endorse technical-economic documentation and to supervise the activity of increasing the economic efficiency of investments, reducing production costs, expanding stockpiles and more rapidly increasing the national income;**
- D) To exert control over the efficient utilization of investment funds.**

Article 97--The Ministry of Foreign Trade and International Economic Cooperation, together with other ministries and central and local bodies that are investment end-users, will ensure the greater efficiency of exports of products turned out by the new investment projects and have the following functions and responsibilities:

- A) To continuously study the foreign market in order to obtain the necessary information to substantiate sales of products from capacities that will be built;**

- B) To take measures to conclude contracts, conventions or other agreements with foreign partners to ensure orders for products to be turned out by the new production units;
- C) To research the foreign market in order to obtain offers on time for high quality imports required by the investment projects, under advantageous technical and economic conditions;
- D) To authorize imports of equipment only if the respective equipment cannot be produced in our country and if such imports are approved and contracted on a barter basis with exports of Romanian products, primarily from the machine-building industry, on the basis of parallel contracts or within the framework of production-sharing ventures, which can ensure our exports concurrently with imports.

Article 98--The state committee for prices is responsible for the level of prices and fees in the technical-economic documentations of investments as well as for the price levels of the new products and services envisaged to be attained by the investment projects after their commissioning and has the following main prerogatives:

- A) To check and endorse the level and structure of prices used in calculating the technical-economic indexes of investments as well as the economic efficiency of production, aiming at reducing material expenditures and continuously raising labor productivity;
- B) To check and see to it that, in the respective technical-economic documentation, the price of the equipment for the investment project is legally established and to ensure that the respective projects are attained under conditions of high efficiency.

Article 99--The general state inspectorate for investments-construction has the following main functions and responsibilities:

- A) It is responsible for the general introduction of the best construction and overall techniques into the design units, which can better meet the requirements of the present law;
- B) It is responsible for giving expert advice and endorsement to orders and execution blueprints, under conditions envisaged by law;
- C) It endorses, according to law, the norms, standards and other technical stipulations in the field of construction;
- D) It exerts state control in construction, by checking the quality of operations and applying technical norms and stipulations to investment-construction activity; it takes measures to ensure strict observance of the provisions of the law in this field.

Article 100--The investment bank and the bank for agriculture and the food industry have the following main functions and responsibilities:

- A) To ensure financing and credits for investments under conditions envisaged by law; to oversee and to implement the plans for financing and granting credits to investment projects;
- B) To endorse the technical-economic documentation of investment projects, according to law;
- C) To monitor the legal nature of prices and fees and the correctness of expenditures presented for settlement;
- D) To exert control over and oversee the legality of operations implementation; to oversee the utilization of material and financial resources allotted to investment projects; to check, together with the National Bank of the Socialist Republic of Romania, to see that the approved parameters for commissioned capacities are met.

Article 101—The permanent commission for endorsing and monitoring the consumption of fuel and electric and thermal energy, according to its tasks in the energy field, for the rational utilization and judicious administering of the country's energy resources in the investment projects and in accordance with provisions of the single socioeconomic development plans and of the balance sheets for primary energy, fuel and electric and thermal energy has the following main functions:

- A) To issue approvals and recommendations regarding fuels and energy solutions according to provisions of the law and the provisions of the single national plan for socioeconomic development and the program for energy development;
- B) To exert control, throughout the investment activity, over the judicious use of fuel and energy resources and the rational administration of those resources.

Article 102—Ministries, other central and local bodies are responsible for implementing the investment projects according to the deadlines and at the pace envisaged by the plan for this purpose. They will ensure, along with investment end-users, technology and equipment suppliers and execution units, the organization of the activity to prepare and carry out the investment projects, in accordance with provisions of the present law. In fulfilling these tasks, ministries and other central and local bodies have the following main functions:

- A) To ensure all conditions for drafting, endorsing and approving documentation; to include the investment projects in the plan; to set up the necessary monetary funds; to finance, execute and commission the projects; to attain the technical-economic indexes approved; and to ensure the efficiency of the investment projects, according to legal provisions;
- B) To ensure the drafting of blueprints for investment plans under conditions of fully utilizing existing capacities; to ensure sales of products for domestic and foreign consumption turned out by production units; and to ensure rational investment timetables;

- C) To organize the design activity in its subordinate units in order to ensure the timely drafting of all investment documentation;
- D) To appoint the investment end-users, to fulfill their tasks until the new units are set up and to coordinate the entire activity of end-users;
- E) To approve or submit for approval, delivery records.

Article 103--Centrals, enterprises and other investment end-users are responsible for attaining the approved investment projects and technical-economic indexes and for domestic and foreign production sales and have the following main functions:

- A) To substantiate the need, usefulness and economic efficiency of investment projects on the basis of studies and examinations;
- B) To draft technical-economic documentation for investment projects;
- C) To see that technical-economic documentation includes high quality technical-economic indexes and solutions to ensure the project's reliability and optimal operation, appropriate working conditions and labor safety, stability, durability and other qualities envisaged by law;
- D) To ensure the necessary equipment, materials and installations according to investment delivery timetables;
- E) To carry out, in accordance with plan provisions, assembly, modernization, reequipment, expansion and other assembly-construction operations;
- F) To ensure that the destination of allotted investment funds is observed and that the costs of the operations are settled on time;
- G) To exercise technical supervision throughout the execution process;
- H) To carry out tests and to ensure all conditions for commissioning production capacities;
- I) To obtain the approvals and endorsements envisaged by law.

Article 104--Ministries and other central and local bodies of state administration in charge of producing materials and equipment for investment projects are responsible for the production, delivery and quality of these materials and equipment and have the following main functions:

- A) To ensure conditions for producing and delivering standardized construction materials and parts with low energy consumption, local materials and other materials attained from recovered and reused materials;
- B) To ensure production and delivery of standardized equipment, to continuously improve their qualitative and functional parameters and to coordinate cooperation between equipment producing plants;

C) To ensure that all technical conditions exist in producing units to follow technical norms and stipulations concerning the quality of delivered products;

D) To stipulate the units in charge of overall supplies and to organize cooperation between overall and specialized suppliers.

Article 105--Ministries, other central bodies and the executive committees of the people's councils of the counties and of Bucharest Municipality with subordinated assembly-construction units are responsible for organizing and guiding their activity, ensuring the necessary conditions for plan fulfillment, observing contract deadlines and carrying out quality operations and have the following main functions:

A) To ensure, together with the hierarchically superior organs of the investment end-users, programs and timetables for the completion of projects, so as to create the necessary conditions for concentrating means and forces on a limited number of projects, in order to finish them as soon as possible;

B) To guide subordinate units and to create conditions for the broad application of advanced execution techniques and technology, in order to carry out high quality and economical operations;

C) To ensure technical-organization measures to fully utilize transportation means, rationally supply materials to worksites on time and adopt definite measures to observe norms for material, fuel and energy consumption;

D) To organize close cooperation between construction units and design and research units, in order to establish most efficient construction solutions and promote technological progress in the worksites' activities.

Article 106--In the field of major repairs, ministries, other central and local bodies, centrals and enterprises will ensure and are responsible for:

A) Utilizing, maintaining and repairing fixed assets at an appropriate technical and qualitative level, under conditions of maximum economic efficiency and complete operational safety;

B) Appropriately organizing and creating the necessary technical-material base to carry out on time high-quality major repairs and modernization;

C) Observing technical norms for repairs of fixed assets and periodically drafting and improving the norms, consistent with the best results attained in production;

D) Ensuring on time spare parts and subassemblies required to replace used parts during repairs, reconditioning parts and subassemblies resulting from previous repairs and from dismantling fixed assets no longer in use.

Section II

Sanctions

Article 107--Violation of this law entails disciplinary, material, civil or criminal sanctions against the guilty persons, as the case may be.

Article 108--The following acts violate this law and if they do not fall under the penal law, they will be punished by fines.

I. From 3,000 to 10,000 lei:

- A) Drafting technical-economic documentation with mistakes in estimating the specific components of investment projects or by ignoring technical directives and stipulations;
- B) Drafting individual technical-economic documentation for projects that already have approved standardized designs;
- C) Drafting, by the designer, or approving, by the end-user, execution details and estimates violating the provisions of the approved design, except for cases envisaged by this law;
- D) Omitting in the design certain construction parts or equipment without which the investment project cannot be commissioned or utilized under normal conditions;
- E) Failing to provide the necessary technical-economic documentation on the basis of which the investment is included in the annual plan;
- F) Endorsing the technical-economic documentation without observing legal prices, fees, quotas, norms stipulations and other factors, which has clearly led to an incorrect estimate of the value of the investment project and assembly-construction operations;
- G) Incurring expenses that exceed the assessments established in the overall estimate for investments, assembly-construction, management, supervision and technical tests, by failing to observe provisions of this law; contracting for operations or deliveries for investments before they were provided for in the 5-year or annual plan, except for cases where there are legal exceptions to this effect;
- H) Beginning operations before the start of financing or operations was approved;
- I) The construction unit's failure to observe provisions included in technical-economic documentation and technical regulations concerning operations;
- J) Including in contracts deadlines other than those established in investment and equipment delivery timetables;

K) Failing to fulfill the plan for major repairs; failing to observe planned deadlines for major repairs or exceeding the time established for repairs of equipment and other fixed assets, except where legal provisions stipulate otherwise;

L) The end-user's failure to prepare and carry out technical tests on time, in accordance with provisions included in technical regulations and technical-economic documentation;

M) The end-user's failure to commission production capacities after technical tests were carried out in accordance with provisions of the law; the end-user's failure to put into operation equipment that, according to the present law, was brought up to producing capability.

II. From 1,000 to 3,000 lei.

A) End-user's and designer's submitting for approval technical-economic documentations which do not include provisions for final legal approvals and endorsements;

B) The designer's failure to deliver the necessary data and elements for drafting technical-economic documentation by deadlines established in timetables and contracts; the end-user's failure to deliver to the construction unit execution details and estimates, necessary equipment and materials, land for the project or worksite or the area earmarked for operations in already existing capacities, by deadlines established in investment timetables and contracts;

C) Exceeding the norms for stockpiles of equipment on worksites, established in accordance with law;

D) Failure to take measures to start the financing process by deadlines envisaged in the investment timetable or to ensure the continuous financing of operations until the project's commissioning;

E) Drafting technical-economic documentation without the necessary approval envisaged by law or failure to observe existing endorsements;

F) Failure by the end-user or construction unit to take the necessary measures to properly handle, store and maintain equipment and materials;

G) Failure to observe obligations concerning acceptance of investment projects and major repairs; approving the commissioning or putting a unit into operation, as the case may be, by violating legal stipulations;

H) Failure by the end-user, designer and construction unit to implement measures established by the acceptance commission;

I) Failure to observe deadlines for granting approvals and endorsements and failure by the equipment supplier to deliver, within 15 days, approvals for equipment delivery deadlines in order to draw up their delivery timetable;

J) Failure to ensure on time the necessary quantity of spare parts and subassemblies to replace used ones during major repairs or failure to recondition parts and subassemblies resulting from previous repairs and from dismantling fixed assets no longer in use.

III. From 500 to 1,000 lei.

A) The end-user's failure to ensure material and technical conditions other than those sanctioned in this article necessary for the continuous development of operations;

B) The end-user's unjustified refusal to receive from the construction unit parts of the project which can function independently, according to provisions of Article 67.

Article 109--The determining of violations envisaged in Article 108 and the application of sanctions will be executed by persons with endorsement, authorization, control or revision functions from the State Planning Committee, the Ministry of Technical-Material Supply and control of the management of fixed assets, the Ministry of Finance, the State General Inspectorate for Investments-Construction, the Committee for People's Councils Problems, the State Committee for Prices, the National Bank of the Socialist Republic of Romania, the investment bank and the bank for agriculture and food industry.

Article 110 (1)--Appeal of an adjudged violation will be made within 15 days of receiving notice of it.

(2)--The appeal will be lodged with the body that issued the complaint and will be accompanied by a copy of the violation report.

Article 111--To the extent that this law does not stipulate otherwise, the provisions of law 32/1968 on establishing and punishing violations apply to violations envisaged in Article 108.

Article 112--The stipulations of this section on violations are supplemented by stipulations on violations included in Law 8/1977 on ensuring the durability, safety, functioning and quality of construction.

Chapter VIII

Final and Temporary Provisions

Article 113 (1)--Council of State decrees will establish norms for investment projects specific to certain national economic branches and subbranches and for activities envisaged in Annex 10.

(2) Ministries and other central bodies will submit for approval the norms stipulated in Paragraph (1) within 90 days from the publication of this law. Until these norms take effect, the legal stipulations valid at the date of the publication of this law will be applied.

Article 114--Ministries and other central bodies which approve the drafting of orders and execution blueprints will review, within 60 days from the publication of this law, the contents of documentation requiring approval in order to simplify them and shorten the time for granting the necessary approval.

Article 115 (1)--Investment projects whose blueprints are approved at the date of this law's publication will follow the framework envisaged by this law concerning execution and financing of operations.

(2)--Investment projects with orders already approved and designs already drawn up according to Decree 420/1976 will observe the framework for approving designs and executing and financing operations envisaged by this law.

Article 116--Investments from the funds of cooperative and public organizations will be made according to provisions of this law.

Article 117--Annexes 1 through 11 will be an integral part of this law.

Article 118--This law takes effect on the date of its publication. All norms included in Annex 11 and all other contrary dispositions are abrogated on the same date.

CSO: 2700

BRIEFS

BOSNIAN MIGRANT WORKERS--In the last several years over 50,000 workers from Bosnia Hercegovina have been employed outside the republic, or an annual average of 7,500. According to official data, in the first 11 months of 1979, 6,325 workers have been so employed. But it is estimated that these numbers are larger, since many leave without using official channels, for agricultural work in Vojvodina and for employment in construction and the tourist industry in Slovenia and Croatia, so it is estimated that more than 130,000 workers from Bosnia-Hercegovina are working in permanent or seasonal jobs in Croatia (about 60,000), Slovenia (about 55,000), and Vojvodina (about 13,000). Bosnia-Hercegovina leads other republics and provinces in the number of migrants working outside the republic; available data show that about 80 percent of all workers in the country employed outside their own republic are workers from Bosnia-Hercegovina, and that about 75 percent of these are unskilled, 11 percent are semi-skilled and only 1 percent have a higher than secondary school education [Excerpts] [Sarajevo PREGLED in Serbo-Croatian No 10, Oct 80 pp 1351-1352]

UNEMPLOYMENT RATES--In 1979 the rate of unemployment for Yugoslavia was 13.8 percent; it was 1.3 percent in Slovenia, 5.8 percent in Croatia, 16.5 percent in Bosnia-Hercegovina, 19.3 percent in Montenegro, 19.6 percent in Serbia, 27.6 percent in Macedonia, and 37.8 percent in Kosovo [Vojvodina not given]. [Excerpt] [Belgrade KOMUNA in Serbo-Croatian No 11, Nov 80 p 23]

REDUCED OIL PRODUCTION--In the first 9 months of this year about 11.3 million tons of petroleum were processed, or about 650,000 tons less than in the same 1979 period; this decline in processing is the result of reduced imports. Last year nearly 8.7 million tons of petroleum were imported in this period, while 500,000 tons less were imported this year. Another cause for reduced processing is the increase in reserves this year, namely, by a little more than 200,000 tons. The production of heating oil in this period fell from 3.75 million to 3.45 million tons this year, the production of diesel oil from 2.56 million to 2.43 million tons, and the production of motor vehicle gasoline from 1.8 million to 1.6 million tons. In addition, the production of extra-light and medium-light fuel fell by about 100,000 tons, while bitumen production declined by about 50,000 tons (from 540,000 tons). Primary gasoline production increased by 150,000 tons over last year (600,000 tons), while butane production was about 5,000 tons more than last year (when it was 174,500 tons). The production of jet fuel also increased, from 240,000 to 256,000 tons. Although the shortfall is being felt in all areas of the country, it is not manifested equally everywhere. The problems in those republics which do not have "their own" refineries are much greater and they must

import much more than the others to meet market needs. [Excerpt] [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 24 Nov 80 pp 38-39]

RIJEKA PORT TURNOVER--This year the port of Rijeka expects a record turnover of 7.2 million tons of cargo. Rijeka accounts for 53 percent of total annual Yugoslav port traffic, 80 percent of transit traffic and about 80 percent of foreign exchange earned [from cargo transport]. It also earns 45 percent of the total revenue from ports and employs 40 percent of Yugoslav port workers. This year the port expects to earn \$40 million in foreign exchange while the foreign exchange outflow from this port will be only \$3.5 million. In the first 9-month period this year the port's total revenue was 14 percent more than planned, while income was 20 percent more. Total port turnover was 14 percent above the plan, and labor productivity 10.1 percent above plan. About 1 billion dinars was invested in modernizing and expanding capacities in the 1976-80 plan period; about 2.5 billion dinars will be needed in the 1981-85 period for new technology and modernization. Total turnover in the 1981-85 period is planned at over 46 million tons of cargo (9.95 million tons in 1985 alone). Also planned for this period is an inflow of \$239 million in foreign exchange and an outflow of \$25.9 million. One of the important tasks in this period will be equipping the port's wood terminal for cattle shipment. The goal of all these investments is to improve the port's capability especially in transit shipment. [Excerpts] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 22-24 Nov 80 p 5]

PORT OF KOPAR--In the first 10 months of this year the port of Kopar handled 1,693,875 tons of general cargo, or 276,475 tons more than the plan and 386,152 more than in the same 1979 period (with exports 54 percent more and imports 3 percent less). Transit shipping increased considerably (79 percent in on-loading and 43 percent in off-loading); total turnover increased 30 percent. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 12 Nov 80 p 1]

MARITIME SHIPPING PLANS--In the 1981-85 period Yugoslav shipping enterprises will build 70 ships with a total carrying capacity of 1,145,300 tons, and are expected to purchase 86 used ships with a total tonnage of 904,400. Also, 118 vessels (812,962 tons) will be retired or sold. It is planned to spend \$1,140,000,000 for the acquisition of new or used ships (shippers in Croatia will invest \$791 million, in Montenegro \$198 million, Slovenia \$60 million and Serbia \$89 million). Croatian enterprises will build 52 ships, purchase 39 used ships and retire 78 ships. By the end of 1985 our merchant marine will be increased by 1,236,738 more tons. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 5 Dec 80 p 1]

PORT OF SPLIT--It is expected that 1980 will be one of the poorest business years for this port. In the first 9 months of this year port turnover fell 28 percent below that of the same 1979 period (imports fell by 53 percent). The results would have been even more negative if exports of goods had not increased, namely by 76.6 percent. Total turnover to the end of September was 1,685,006 tons compared to 2,341,947 tons last year. This is largely the result of reduced imports of oil, 675,748 tons of which were imported at Split last year, compared to hardly 90,000 tons this year. Last year during this period 1,406,053 tons of goods were imported through this port, compared to only 659,810 tons this year. Total turnover this year could be 2.2 million tons, at the most, compared to 3 million tons handled last year. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 4 Dec 80 p 5]

MEAT EXPORTS--From January to the end of October this year \$313 million worth of livestock and livestock products were exported, including \$273 million worth to the convertible-currency market and \$40 million worth to the clearing-account market. This is about 14 percent more than last year when exports were valued at \$260 million. By the end of 1980 it is expected that \$333 million worth of meat and processed meat products will be exported to the convertible-currency market, or about one-half the total value of exports from the agro-industrial sector of the country. But it is uncertain whether the plan will be met because of the lack of certain kinds of meat on the domestic market. In October the sale of young beef meat to Greece declined when demand fell because of the excessive use of hormones in meat production in Western Europe. Although it was reliably established that meat from Yugoslavia contains no such additives, our exporters have suffered. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 25 Nov 80 p 1]

FOOD EXPORTS IN 1981--In 1981, \$223 million worth of market and seed corn, wheat and other grains are planned to be exported. Sales on the convertible-currency market are expected to yield \$60 million in foreign exchange, while the rest will be earned by sales on the clearing-account market. This was reported on 9 December at the Assembly of the Grain Fund which adopted the 1981 export program. It is expected that 500,000 tons of market corn and 57,600 tons of seed corn will be exported for \$136 million. This year 300,000 tons of market corn were exported. In 1979 over 10 million tons of corn were harvested, while this year [1980] about 9.6 million tons will be harvested. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 11 Dec 80 p 1]

UNEMPLOYMENT IN KOSOVO--An outstanding sociopolitical worker of Kosovo recently said that unemployment in undeveloped Kosovo is one of the biggest, if not the biggest, problem and it can also have serious political implications, if we do not do more to open up new jobs. He said we have 200 and more candidates with the same skill level from all nationalities living in Kosovo competing for one job. The ratio is usually 150 Albanians and 50 Serbs, Montenegrins, Turks and others. If this job, in order to improve the nationality structure of employees in a certain enterprise, is given to an Albanian, the other candidates often do not understand this. And vice versa [i.e., if the job is given to someone of another ethnic group]. [Excerpt] [Belgrade BORBA in Serbo-Croatian 23 Nov 80 p 6]

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